



Daily Report

LAST ISSUE

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LAST ISSUE

Latin America

FBIS-LAT-96-133
Wednesday
10 July 1996

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2 September	<i>East Asia, East Europe, East Europe Economic Review</i>
16 September	<i>Central Eurasia, Central Eurasia Military Affairs,</i> <i>Central Eurasia Economic Review</i>

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Daily Report

Latin America

FBIS-LAT-96-133

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Inter-American Affairs: C.A. FM's on U.S. Travel Advisory

PA090723796 San Salvador EL DIARIO DE HOY
in Spanish 9 Jul 96 p 4

[FBIS Translated Text] The U.S. Government has warned its citizens not to visit Guatemala, given the unsafe conditions that prevail in that nation, and to avoid circulating in El Salvador's and Honduras' highways for the same reason, it was reported yesterday at a Central American foreign ministers' meeting.

Guatemalan Foreign Minister Eduardo Stein termed as "unfair" the decision and said it is included in the so-called "consular page" that those offices extend early in the year for each country; adding that, in Guatemala's case, it mentions conditions of previous years and these no longer prevail."

"We think it is unfair that, following all the progress we have achieved in the last six months regarding the citizens' security, topics and descriptions of incidents that occurred up to three years ago are still being used," Stein said.

According to the official, the United States has taken into consideration "conditions that prevailed in previous years."

Meanwhile, Salvadoran Foreign Minister Ramon Gonzalez Giner said his country "has no measure to adopt. We have been working on internal security for quite some time."

Gonzalez Giner said: "There is a list of Central American cities that are considered dangerous and, fortunately, El Salvador is not in the list."

EL DIARIO DE HOY tried to obtain information on this at the U.S. Embassy in this capital, but it was told that no official authorized to discuss the issue was available at the moment.

Respect for Salvadorans Requested

Moreover, Foreign Minister Gonzalez Giner asked Honduras to respect the rights of Salvadoran peasants, who

remained in Honduran territory following a legal ruling, in order to solve problems at the border area.

"El Salvador does not seek to have territories; what it asks for is respect for the rights of former Salvadorans who live in former disputed areas," he added.

"We have respected their rights (of approximately 2,000 Hondurans who remained in Salvadoran territory)," he said.

Police Agreement

The support of regional efforts and the strengthening of the police corps in Central American countries will be the basic mission of the Central American Institute for Higher Police Studies, it was stated yesterday during the eighth meeting of the Central American Foreign Ministers' Council.

The foreign ministers signed an agreement creating the institute, considering the need to professionalize and modernize the police corps in the region, although the agreement must still be ratified by each of the participating countries.

The institute will be headquartered in San Salvador and it will have autonomy regarding the management of its assets, activities, and services; and it will also be able to establish the offices and programs it deems necessary, according to the needs of the area's countries.

According to Nicaraguan Foreign Minister Ernesto Leal, a big step was taken in the struggle against crime in Central America: "We created the document establishing the Institute for Higher Police Studies. However, it must still be ratified by the parliaments in each country so it may legally become effective," the official said.

Cuba

Cuba: U.S. Said Trying To Conceal Truth of ICAO Meeting

PA0907182496 Havana PRENSA LATINA in Spanish
1438 GMT 8 Jul 96

[FBIS Translated Text] Havana, 7 Jul (PL) — Ricardo Alarcon, president of the National Assembly of the People's Government, accused the United States of trying to conceal from the UN Security Council the truth about the results of an International Civil Aviation Organization (ICAO) meeting.

Alarcon arrived in this capital from New York last night, accompanied by Division General Rogelio Acevedo, president of the Cuban Civil Aeronautics Institute (IACC), and the other Cuban representatives who have participated in the ICAO debates on the downing of two airplanes that violated the Cuban airspace on 24 February.

In an interview granted to PRENSA LATINA upon arrival at the Jose Marti International Airport, Alarcon said Washington is trying to conceal the results of the meeting in Montreal in late June and is using its mass media to give its own version of the meeting.

They have hidden details and information ranging from radar data on the 24 February incident to the ICAO debates, and that is the framework they are preparing for the UN Security meeting, he added.

Alarcon, who has headed the Cuban delegation to the ICAO meeting, referred to the "slow motion" of the phase prior to the UN Security Council meeting in New York, noting that it will never begin before 22 July at this pace.

The United States continues to talk about achieving what it could not get during the ICAO meeting; that is, a condemnation of Cuba. It has not presented any draft resolution, however, even though it had mentioned that the UN Security Council would meet immediately after the debates in Montreal, Alarcon said.

"We have proof of that. They gave us a visa immediately, in less than 48 hours, so we could travel to New York to attend that meeting, but no one seems to be in a hurry there, and it all began with the defeat they have suffered in Montreal," he said.

Alarcon said the White House was forced to redefine its strategy, and part of it is concealing what has happened in Montreal. For that reason, he said, Cuba has stressed the need to publish the text of the documents issued during the sessions of the ICAO Council.

Ten days after that meeting, the documents still have not been published. We believe it is important to make

known the position assumed by most of the members of the ICAO Council with regard to the report prepared by the investigating team, their manipulation, and the entire murky process that took place there, he said.

As for the U.S. position, Alarcon said they are trying to conceal the truth and all the factors that can contribute to clarify the incident, its origin and background, adding that this continues at the United Nations.

Alarcon said the Cuban delegation has completed a series of bilateral meetings with all the members of the UN Security Council and has tried to clarify and explain the facts so they will know what to expect when they meet.

In response to another question, Alarcon said the UN Security Council members were very receptive and understanding toward the Cuban position, "of course within the context of strong, U.S. pressures. No one doubts the case is being manipulated by the United States."

This problem has nothing to do with civil aviation; it is part of the United States' aggressive policy toward Cuba. It is not a matter of civilian aircraft or people who should be protected by international laws and regulations but, rather, of systematic violations of those laws, he said.

Alarcon said his country will participate in the UN Security Council meeting as the accuser and will demand an end to the large operation of concealment and cover-up with which the United States has handled the matter from the beginning.

Cuba wants more aboveboardness, and the publication of everything concerning the incident, including previous cases, radar information the United States has delayed, recorded tapes it has never delivered, witnesses whom no one has seen, and the ICAO debates, which some people would like to hide.

Alarcon noted the significance of the frequent public threat against the island's airspace and maritime borders for many people in the United States.

Those plans are being divulged openly. At the same time, it is obvious that U.S. authorities have adopted a weak, hesitant, contradictory, and inconsistent attitude, because while they say they do not approve those actions, they do nothing to prevent them, Alarcon concluded.

Cuba: Video Showing Airplane Violations Aired
PA1007052496 Havana Cubavision Network
in Spanish 0000 GMT 10 Jul 96

[From the "NTV" newscast; passages within quotation marks are recorded]

[FBIS Translated Text] [Announcer] As we had announced previously we will now carry a special report on the different provocations of pirate aircraft over Havana airspace.

[Reporter Carlos Iglesias] This is a special report on the documentary evidence Cuba has on the violations of Cuban sovereignty by the terrorist organization Brothers to the Rescue.

The undue use of civil aviation is a fact flatly rejected by the Chicago Agreement, which governs this activity worldwide since 1944. The United States, with its tolerance of flights over Cuban airspace from Florida-based counterrevolutionary organizations, has violated that fundamental principle of the ICAO [International Civil Aviation Organization]. Cuba has reported these events systematically and had warned that they may cause an incident.

On 24 February, these Cuban reports became a reality, when two aircraft that violated Cuban airspace were downed while conducting subversive activities, in spite of repeated warnings to leave Cuban airspace.

At the recent session of the ICAO Council in Montreal, which examined the incident, in spite of all documentary evidence presented by Cuba, an effort was made to conceal this undue use of civil aviation due to U.S. pressure. The report from the team of experts did not include evidence like the one you will now see, in an attempt to condemn Cuba, promoted and planned by Washington and rejected by several ICAO Council member countries.

In order for you to judge for yourself, we will now present this video which includes the repeated violations of Cuban sovereignty by those Florida-based terrorist organizations, for which the U.S. Administration has shown its appreciation, particularly Secretary of Transportation Federico Pena.

Following, we present the Cuban truth on these events in just 11 minutes.

[Unidentified female reporter] "The Brothers to the Rescue have taken their message of brotherhood and liberty to Cuban rafters, but today they took it to the very people of Cuba by flying over Havana. [caption announces "segment of U.S. broadcast"]

"They were able to cross Havana Bay and fly over the old part of town, in spite of the measures adopted by the Castro government. They dropped decals bearing the message: Comrades no, brothers!"

[Jose Basulto, in progress] "...that we are brothers. We also had the opportunity to tell this to security forces there, over the radio. They are perhaps our opponents, but they are not our enemies. Our enemy is the system.

[Unidentified female reporter] "And Basulto affirmed that they accomplished what they wanted.

[First unidentified male reporter, in progress] "...on the Radio of Brothers to the Rescue, whose pilots at that time also made history by flying over the old part of Havana for 15 minutes.

[Basulto] "Guillermo Lares was with us. He is an Argentine pilot and a brother of ours. We dropped small decals there. Here is one of them, and it says: Comrades not, Brothers! This is our message to the people of Cuba."

[Second unidentified male reporter] "But in the air, the planes also played an important role by detecting the enemy and warning flotilla units at sea about the danger. We were on a plane of that sortie.

"This is how close we came yesterday to Havana, Cuba, when we flew over the flotilla at the 6-mile mark, and the planes of Cuban exiles flew between the Castro gunboats, as if it was a true combat scene. Earlier in the day, from the air, we witnessed the feat of the Democracia boat.

"Our objective: To support the flotilla from the air, as it continued to advance to within 6 miles of Cuba.

[Unidentified plane pilot] "There is a MiG 21 flying over the flotilla. There is a MiG 21 flying over the flotilla.

[Second unidentified male reporter] "At the same time, we then heard the warning from the Havana control tower. They said this was an alert zone.

[Unidentified plane pilot] "We remain 7 miles to the south in a humanitarian mission. We will remain in that area for 30 minutes.

[Cuban air traffic controller] "Roger. We remind you that [words indistinct].

[Second unidentified male reporter] "Once positioned over the flotilla, the time of truth came. On the ocean, at sea, our brothers in the Democracia boat defied the Cuban gunboats and in the air, the planes of Cuban exiles sent a strong message to the Cuban Armed Forces: We would remain there during 1 hour, the

necessary time to support our brothers who wanted to get to the 5-mile mark.

[Third unidentified reporter] "We were approaching the monitoring center of Brothers to the Rescue and there, we were informed.

[Unidentified Brothers to the Rescue official] "We just received information from the Democracia boat that they are about 10 miles off the Cuban coast. They reported that nine boats of the flotilla entered Cuban waters, and that two Cuban gunboats are attacking the Democracia boat. They rammed into it twice and they also reported the boat is beginning to make water. We know that at least one person was injured. Apparently, a glass broke and glass fell on the person's arm, injuring it.

[Unidentified reporter] [Question indistinct]

[Unidentified Brothers to the Rescue official] "We don't have information at this time. I believe they are still south of it, but Cuban gunboats are trying to prevent them from coming to the 6-mile mark.

[Unidentified reporter] "The outline of Havana can be seen in front of the Brothers to the Rescue plane. [video shows Cessna overflying Havana coastline] A few minutes later, already over land, the one-motor plane overflies El Vedado on Myriam street. To the right are the buildings near the Havana Hilton and 23d Street and Copelia.

[Basulto] "We were trying to distract the control center a bit and get its attention away from us. [video shows Basulto making statements]

[Unidentified reporter] "The propaganda was dropped in downtown Havana, near to San Lazaro St. and [words indistinct]. The Malecon and the Havana Bay are to the left. The crew of the Brothers to the Rescue plane 2506 informed its flight route to the Havana control tower. [video shows Channel 23 newscaster making statements]

[Basulto] "Part of our civil protest was for them to know that we were the ones doing it and that we had gone there. We did not want them to have any doubt about this. We are willing to continue to make forays to promote civil disobedience in Cuba and ask the Cuban people to do just this. [video shows CNN footage of Basulto making statements]

[Unidentified reporter] "When it was overflying Havana, the Brothers to the Rescue plane contacted the US Air commercial flight 191, which was also using the Cuban air corridor, to report its presence. All this was done to have evidence that it was a peaceful mission. [video shows Cessnas flying near Havana coastline]

[Basulto] "We complied with the FAA. I met with the local Miami FAA director the previous day and explained that I was going to enter Cuban waters. He recommended that we use all our discretion and not break any U.S. laws. We did just that.

[Unidentified reporter] "Don't you think you broke U.S. laws?

[Basulto] "American? I think not.

[Unidentified reporter] "What about Cuban?

[Basulto] "I don't care about those.

[Unidentified reporter in English with superimposed translation into Spanish] "A plane that dropped leaflets. Is this a violation of U.S. laws? Will something be done about this incident?

[Undersecretary of State Peter Tarnoff, in English with superimposed translation into Spanish] "I understand the Cuban Government informed us yesterday, that approximately six civilian planes had violated Cuba's airspace. The FAA will thoroughly investigate any violations of international aeronautical regulations coming from the United States. Thus, I suggest you go to the FAA to obtain more information about this. [video shows Peter Tarnoff making statements at news conference]

[Unidentified reporter] "Thousands of political pamphlets were dropped in Havana, Cuba last weekend. According to Cuba, the perpetrators are people who opposed the Fidel Castro government and the pamphlets were dropped from planes that violated its airspace. Carlos Verdeccia, who is in Miami, reports that this is part of a new political strategy that is being furthered by a group of Cuban exiles. [video shows Univision broadcaster making statements]

[Verdeccia] "Brothers to the Rescue is an organization of pilots that was formed in Miami to rescue Cuban rafters. It is now also trying to promote civil disobedience in Cuba. According to the Cuban press, planes coming from the United States dropped thousands of subversive pamphlets on Havana on [word indistinct] and 13 January. Brothers to the Rescue gave the following statement: [video shows Cessnas in flight over Havana]

[Basulto] "We take responsibility for the pamphlets that were dropped [words indistinct] We are not giving details on how we carried out the operation to avoid that they be used against us in the United States. [video shows Basulto making statements]

[Unidentified female reporter] "To revive your memory a little bit on the past performance of Brothers to the Rescue and on the incidents of planes overflying Cuban

air space, we give the report made by [words indistinct] on one of those occasions in which he accompanied the Brothers to the Rescue pilots on one of those flights. [video shows Channel 23 newscaster making statements]

[Unidentified reporter] "Brothers to the Rescue has made 10 flights similar to this one over the Cuban capital city. For the second time [word indistinct] distributing propaganda with the declaration on human rights and inciting people to actively work against the government in the island.

[Basulto] "We continue our work. We will do what we have to do at a given time. We are not announcing that we will repeat this, but it is always a possibility.

[Unidentified reporter] "[Words indistinct] We are going to see this report made for [words indistinct]"

[Unidentified female reporter] "On the anniversary of the Playa Giron, Brothers to the Rescue launched a special operation today. Jose Basulto allowed us to fly on board his plane, the 2506, with him. The mission, which was headed by Basulto and another Giron veteran, had the participation of a real hall of fame of pilots who have played recent and spectacular escapes from Cuba. The four planes flew in formation alongside the Cuban coasts. Havana could almost be touched when the planes broadcast the message of brotherhood and the control tower responded that it had received the message. Soon after that, the Brothers to the Rescue pilots established their presence in front of the Malecon with a deployment of flares. Immediately afterwards, a Cuban Air Force MiG-23 intercepted the mission. [video show cockpit from Cessna flying over Havana]

[Basulto] "We are the Brothers to the Rescue to help in what we can. We are at the disposal of the Cuban people and Armed Forces to dismiss the nightmare of narcocommunist. [video shows Basulto making statements]

[Unidentified female reporter] "The MiG left after flying around the four planes for about five minutes. [video shows Brothers to the Rescue preflight briefing, MiG in flight, plane falling]

[Basulto] "Five miles to the north, a smoke cartridge and a parachute. We know this type of smoke cartridge well. It is used to mark a target. It is for military use. Immediately after seeing the cartridge fall, the pilots all commented about it. We were all still in frequency, this is in the tape, and Jorge Lares was also listening to us from Miami. We saw afterwards, through the windshield of our plane, a MiG cross us from left to right, that is to say from south to north. It seemed to be two MiG's. I don't know if they were two or one but I am sure

that they were military planes because of the formation it carried, the wing came in Delta, in attack formation and after that we lost contact with the first of the planes. [video shows Basulto talking on the radio]

[Basulto] "This is our promise and our commitment. I tell this to all of you. This, gentlemen, has not ended. [video shows Basulto making statements at news conference held outdoors]

Cuba: Commission Investigates 7 Jul Airplane Hijacking

PA0907164596 Havana Radio Havana Cuba
in Spanish 1300 GMT 9 Jul 96

[From the "Morning Information Review" newscast]

[FBIS Translated Text] Judicial sources have confirmed a commission appointed by Cuban authorities is investigating the events surrounding the hijacking of a civilian airplane that was forced to land at Guantanamo Naval Base. An armed individual diverted the airplane carrying nine passengers, including two minors, from its routine route on 7 July. The plane had left Bayamo and, following a stopover in Santiago de Cuba, one of the passengers forced the crew to divert it to the base the United States occupies in Guantanamo Province.

All passengers, except the hijacker, and crew members, made the decision to leave this military enclave and returned to their destination. Cuban parliament President Ricardo Alarcon has demanded that the hijacker be deported to Cuba by virtue of the immigration agreements Cuba and the United States have signed and the international agreements condemning any terrorist action.

Cuba: Immigration Accords With U.S. Said in Full Effect

PA0907192796 Havana Radio Rebelde Network
in Spanish 1700 GMT 9 Jul 96

[From the "National Radio News" newscast]

[FBIS Translated Text] Questioned by the foreign media accredited in the country, Cuban parliament President Ricardo Alarcon has noted the strict compliance with the immigration agreement Cuba and the United States have signed. Zenaida Costales reports.

[Costales] Following the signing of the joint declaration by Cuba and the United States in May 1995, hundreds of Cubans who have been intercepted on the high seas have been returned to Cuban territory, thus demonstrating a compliance with a valid agreement between Cuba and the United States. In this regard, Alarcon has said:

[Begin Alarcon recording] No one must get confused; the immigration agreements are in full effect, and the

Cuban and U.S. Governments have no differences regarding this issue despite all the differences we may have. The two governments are interested in conscientiously complying with these agreements, and they are doing it. Thus, this type of rumor will not materialize the provocations or illegal immigration attempts anyone may make, because the United States has been very clear in this regard. I do not have the slightest doubt that it will continue to rigorously comply with these agreements, and we will do likewise. [end recording]

Cuba: Repatriated Rafters' Comments on Treatment Received

PA0907235796 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 6 Jul 96

[From the "NTV" newscast]

[FBIS Translated Text] Despite the contradictions that have historically characterized relations between the United States and Cuba, it is undeniable that the two countries abide by what was agreed on 2 May 1995 regarding illegal migration. Slightly more than two months after Washington and Havana signed the migration agreements, 359 persons who tried to reach U.S. territory using illegal channels were returned to the island. Bahamas and Jamaica also abide by what was agreed between their governments and Havana; and, to date, 153 persons who hoped to reach the United States through those islands were returned to the Cuban authorities.

[Begin recording] [First unidentified speaker] The departure was somewhat difficult. There were seven of us.

[Unidentified reporter] What were you traveling in?

[First unidentified speaker] In a 15-foot boat.

[Reporter] How does it feel to be adrift at night, in the open sea, in a boat this size, and with so many people on board?

[First unidentified speaker] It is like facing death, I believe.

[Reporter] Did not you see the capital of Bahamas?

[Second unidentified speaker] I saw it, the little I saw, when I was taken from the wharf to the camp. I did not see much.

[Reporter] But you had the foundation people helping you, and the Brothers to the Rescue giving you food and money.

[Second unidentified speaker] First of all, I was not given any money. They did visit us there but I did not...

[pauses] We were deceived all along. We were deceived by the foundation, the famous foundation.

[Reporter] What did the foundation say?

[Second unidentified speaker] That they were following the formalities for our admission to the United States.

[Reporter] And they solved nothing?

[Second unidentified speaker] [Words indistinct].

[Third unidentified speaker] We were told that we would never be returned to Cuba. What I just said means that the foundation was using us.

[Reporter] Using you for what?

[Third unidentified speaker] Politics. [end recording]

Moreover, Cuba fulfilled its part of the agreement and the returned illegals were reinstated in their places of residence.

[Begin recording] [First unidentified speaker] We were afraid that we would not be treated like this. We are doing fine. We cannot deny that. They have behaved very well with us.

[Second unidentified speaker] We will simply resume our normal life — logically, within the law — and we will do nothing against the laws in this country. I have no intention of doing so, either. [end recording]

Undoubtedly, all those who try to illegally migrate from Cuba will see their plans foiled. Migration agreements signed between our country and the United States are being fulfilled. Bahamas and Jamaica also return the illegals, so risking lives in this endeavor is useless.

[Begin recording] [Unidentified speaker] Anyone who has ever been separated from his family feels it.

[Reporter] What do they feel?

[Unidentified speaker] The absence of our mothers and brothers.

[Reporter] And how were you treated in that land? Were you received well, did you feel part of all that?

[Unidentified speaker] I was there, well, because I had taken the step, putting up with things, but it is not easy. They had no medical attention for us and they treated us badly. It is very difficult over there because of the way we are used to living here. It is very difficult. [end recording]

Cuba: Television Views Outcome of Russian Elections

PAIC97030996 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 8 Jul 96

[Commentary by Daisy Gomez; from the "NTV" newscast]

[FBIS Translated Text] Good evening. Presidential elections in Russia concluded this week. Boris Yeltsin's reelection did not bring tears to the eyes of his adversaries nor expressions of joy from his supporters.

This result was expected. Why? From the first round it was known that if the Communists were to win they had to do it in the first round, because in a second round, the votes of the reformist candidates would go to candidate Yeltsin, who worked for alliances from the beginning to achieve this.

Let's analyze the why of the results. Objectively speaking, Russia arrived at election day in the midst of a social and economic crisis produced by reforms.

Although the majority voted for the man who promoted this process, the victory has little to do with popular support for the reforms. In my opinion, subjective factors had a larger weight.

Yeltsin learned from the Communist victory in the congressional elections of December, and being well-advised by Western experts, took over the main slogans of the opposition. He strengthened his new political discourse with populist-type decrees aimed at alleviating the most contentious aspects of his administration.

The union with Belorussia and the paper peace with Chechnya are political evidence of this tactic. There was also the threat of total withdrawal of foreign aid, together with the West's unconditional support, plus the fear instilled in voters that a Communist victory would unleash a civil war, a fear justified by Yeltsin himself, who said before the elections that he would not hand over power to the opposition.

The Russian president had the support of the most important media and used all possible weapons, valid or not, to get reelected. He demonstrated political acumen, balance on a tight rope, tenacity and decisiveness, something that, in my opinion, the left lacked in the last few weeks of the campaign.

The Patriotic Popular Bloc did not sufficiently use public forums or street demonstrations when it was denied access to the media.

It is fair to recall that the left was always fearful of a coup d'etat, which would prevent elections. They were lumbered with the magnified errors of the Soviet

past and made to appear as possible protagonists of a Communist revenge.

Now, the reelected ailing president must face the challenge of forming a government capable of pleasing the various political forces with which it has commitments, of pulling the country out of the looming financial crisis, and of finding a solution to the Chechnyan conflict.

In the meantime, there is apparently a controversy in the making for power between Prime Minister Viktor Chernomyrdin and new Security Council Chief Aleksandr Lebed, the man with the third largest voting bloc in the elections.

In the making, there is also a corruption scandal in the high military echelon, and the left is getting ready to become a political movement, after having secured 30 million votes.

In view of all this, in my opinion, these elections are just the first battle in a new and long struggle to come.

Thank you.

Cuba: Drug-Trafficking Document Signed With Venezuela

PA0907235196 Havana Radio Rebelde Network in Spanish 1155 GMT 6 Jul 96

[Report by Idia Sardina from the "Doing Radio" newscast]

[FBIS Translated Text] At the conclusion of the third meeting of the joint commission on drugs, Cuba and Venezuela have signed a document establishing the means to fight the illicit trafficking of narcotics and psychotropic drugs. Cuban Justice Minister Carlos Amat and Venezuelan Guillermo Romero, chairman of the National Commission Against the Illicit Use of Drugs, have signed the document at the Simon Bolivar House. The document states that Venezuelan experts in various fields will teach courses in Cuba on the offense of drug trafficking, and it includes other modes of cooperation in technical, procedural, and information aspects.

Guillermo Romero has noted the importance of signing this accord:

[Begin Romero recording] The signing is important for Venezuela, because it means two fraternal nations such as the Cuban and Venezuelan peoples, through their national commissions to fight drugs, are fighting for common objectives so drugs do not penetrate society, as it has happened, unfortunately, in Venezuela.

On account of the enormous border we share with Colombia, which is the world's main cocaine producing country, drugs have entered our country, and we have

had big problems with drug abuse in the country. I hope—and I fervently hope so as a father and grandfather—the Cuban family does not experience the terrible slavery having a drug abuser in the family means. [end recording]

He has commented on the policy Cuba is following to fight drugs:

[Begin recording] [Romero] Cuba does not really have a big experience with this problem, because it has not been hurt by it. Our biggest hope is that the means of prevention we have given the Cuban Government will be a shield for them to prevent the penetration of drugs in the country.

[Sardina] How do you view the role the United States has played in the war on drugs?

[Romero] It has a very serious problem with consumption. The United States is the world's leading drug consumer. They have a big, internal problem they must try to solve as soon as possible. They are implementing preventive programs. At the latest UN meeting, which I was honored to attend, and First Vice Minister Zenaida Osorio also attended, the United States presented a report indicating that drug consumption had dropped by a significant number, but there are still millions of consumers in the United States, which represents a very attractive market to all these drug producing bandits.

[Sardina] Does that mean the measures are not adequate?

[Romero] I do not know about the measures. The results are still not sufficiently categorical to be able to say the problem of drug abuse has stopped in the United States. [end recording]

Cuba: Labor Minister on Social Security Achievements

PA1007000496 Havana Radio Havana Cuba in Spanish 1300 GMT 9 Jul 96

[From the "Morning Information Review" newscast]

[FBIS Translated Text] Cuban Labor Minister Salvador Valdes Mesa has confirmed that, while in Latin America there are heated debates with regard to social security, in his country, this is an achievement of the revolution that has been maintained despite the difficult times facing the island.

The statements by Valdes Mesa took place yesterday during the inauguration of the Second Inter-American Meeting on Labor Rights and Social Security that will close this Wednesday at Havana's National Capitol Building.

The forum is sponsored by the American Association of Jurists [Asociacion Americana de Juristas] and by the National Union of Cuban Lawyers. The sessions are attended by about 230 delegates from all continents and 90 Cuban representatives.

The labor minister said that in the island over 1.35 million pensioners receive their money on time and close to 117,000 families have guaranteed social security benefits.

Cuba: Castro Congratulates Las Tunas Sugar Workers, People

PA1007000896 Havana Radio Havana Cuba in Spanish 0000 GMT 6 Jul 96

[From the "Evening Information Review" newscast]

[FBIS Translated Text] Cuban President Fidel Castro on 5 July congratulated the sugar workers and people of the eastern province of Las Tunas for their achievements during the Dignity and Victory Harvest. The chief of state's message was conveyed by Sugar Industry Minister Nelson Torres as he presided over the ceremony marking the end of the harvest at the Antonio Guterres Agro-Industrial Complex in Las Tunas. This harvest produced more than 119,000 metric tons of sugar.

Cuba: UBPC Sugarcane Producers Show Sustained Growth

PA1007015596 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 7 Jul 96

[Report by Jose Luis Rumbaut; from the "NTV" newscast]

[FBIS Translated Text] Introduced just over three years ago, the Basic Cooperative Production Units, UBPC's, are becoming more proficient in the difficult art of producing sugarcane. I can guarantee that the UBPC's are playing a major role in the growth of sugarcane activities, restoration of the deep planting technique, renovations, the use of oxen, and, in short, each one of the activities that has resulted in improved sugar production.

By the end of June, the UBPC's had planted 78 percent of their current plan, and all other indicators have shown positive results, although they still fall short of the expected excellence. One aspect that the UBPC's should strive for is better quality in their planting and weeding activities, which still do not meet required standards. The UBPC's should be the leaders in planting techniques, for they will be a key factor in raising the production of sugarcane arrobas per caballeria. This, in turn, will improve the profits of each group.

In days to come, the UBPC workers will face the challenge of making up for the delays in their planting plan, in addition to their cold season planting plan, and, by all means, preventing the weeds from overpowering the new sugarcane seedlings and shoots for the next harvest.

Cuba: Specialists Say Havana Water Pollution Problem Over

PA1007020196 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 7 Jul 96

[From the "NTV" newscast]

[FBIS Translated Text] According to specialists, the water pollution problem on Havana's northern coast is over. Studies have confirmed the hypothesis that the water pollution was caused by the simultaneous occurrence of two phenomena of nature: the flooding of the Quibu River and fluctuating tides, which caused the river waters to be sucked toward the river's mouth.

The special commission has reported that the stretch of water between the Reparto Nautico section and the mouth of the Almendares River is open to swimmers.

Cuba: Havana To Revamp Bay Tunnel With French Technology

PA1007032196 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 7 Jul 96

[From the "NTV" newscast]

[Translated Text] The bay tunnel in Havana is slated for general repairs in 1997. With French technology, Cuba plans to totally revamp and waterproof the tunnel.

[Begin recording] [Reporter Maribel Acosta] When a tunnel, which crossed the bay, was opened in 1958 in Havana it was described as one the great engineering feats of its time. Almost 40 years later, the tunnel has its own legends: from the workers who died during its construction, the mystery of crossing the sea, to the surprise romances born while riding along the tunnel.

With such a past, the tunnel deserves better attention from its city. New repairs are under way to fix a few problems. According to the repair technicians, the tunnel is being closed to traffic to do repair work from Monday through Friday between 0900 and 1200, and the work basically includes replastering, cleaning, and interior lighting. The work is slated to be finished around 26 July.

[Antonio Berruff, engineer] We are trying to redo a few systems, such as the tunnel's deficient interior lighting. We are working on that system right now. We are also cleaning the tunnel to help improve the interior lighting.

[Acosta] Technicians from the western construction brigade have confirmed that the areas surrounding the tunnel will be embellished and rebuilt. They added that they are reconditioning the facilities to reinstate the toll booths in that area. Other studies are under way to consider further work to the tunnel to make it even more modern, efficient, and, as everybody would like, as eternal as the sea which bathes Havana. [end recording]

Cuba: Roundup of Economic Developments Through 9 Jul

PA1007015796

[FBIS Report] The following is a compilation of reports on economic developments in Cuba monitored through 9 July.

More than 60,000 square meters of hide, which could be used to make 240,000 pairs of working boots or 300,000 pairs of school shoes, are currently being stored in the Caibarien factory in Villa Clara Province. Caibarien decided to retain the product because its customers owe more than 2 million pesos. This situation has persisted for two months without any solution in sight and it involves shoe manufacturers from various provinces. (Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 29 Jun 96)

Education Minister Luis Ignacio Gomez has said that in the 1996-1997 school year, the schools will have more study materials given the level of state investment. Gomez remarked: "We are repairing 41 boarding schools, something that had not been done since these schools were built." The minister noted that the supply of pencils and notebooks for the entire year has been guaranteed, while 7 million copies of 18 new books are being printed. Concerning school uniforms, the minister explained that they will be distributed gradually throughout the school year. It was also learned that for several months, approximately 2,700 schools have been undergoing repairs and will be ready by the beginning of the school year. (Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 29 Jun 96)

Today, the Cuban authorities indicated that taxpayers are fulfilling their obligations despite the increase in taxes and the withdrawal of thousands of self-employed workers, who felt overburdened by the high taxes. Today, the National Office of Tax Administration (ONAT) revealed that in the first five months of 1996, it collected 5.3692 billion pesos, which shows "a positive trend in tax collection." According to Silvio Gutierrez, head of the ONAT's Department of Assistance to Taxpayers, tax collection at the national level registered a 3.6-percent increase compared to the same period in

1995 and constitutes 46.1 percent of the total plan predicted for 1996. The 1996 state budget, approved by the National Assembly of the People's Government in its last regular session of 1995, contemplates revenues for 11.642 billion pesos. According to Gutierrez, the number of delinquent taxpayers dropped from 53 percent in February to 36 percent in May. He added that private workers, authorized in 1993 as part of the domestic economic reforms, paid taxes for 83.2 million, approximately 70 percent of tax collection estimates for the entire fiscal year. Up to May, a total of 187,093 self-employed workers appeared in the country's taxpayers' register, approximately 18,000 less workers than back in April when it was confirmed that this group owed the Treasury 2.1 million pesos. In February, the Havana City government announced an increase of up to 1,000 percent in the taxes to be paid by self-employed workers in the capital. On 11 February, the regional publication TRIBUNA disclosed that the fixed tax rate for self-employed workers had been increased for 144 of the 162 occupations that Cubans can perform legally. (Mexico City NOTIMEX in Spanish 1617 GMT 2 Jul 96)

More than 14,000 quintals were harvested in Isla de la Juventud and some 6,000 quintals are still waiting to be harvested. Thus far in this harvest period, the enterprise tasked with distributing agricultural products has marketed 60 percent of the mangoes grown by the farming and cooperative sectors, as well as those grown in areas farmed by the Youth Labor Army. (Havana Radio Rebelde Network in Spanish 1155 GMT 4 Jul 96)

In the first half of 1996, the Varadero beach resort yielded tourism revenues for over \$80 million. In this regard, the Cuban Tourism and International Trade Corporation (Cubanacan Inc.) ranked No. 1 as it contributed \$48 million to the economy. The Varadero tourism pole encompasses more than 10,000 rooms and up to June, it attracted more than 250,000 tourists. (Havana Radio Rebelde Network in Spanish 1700 GMT 4 Jul 96)

As a result of the removal of marabou weeds from over 4,500 caballerias used mainly for ranching in Las Tunas Province, the local production of milk reached an accumulated figure of over 14 million liters. This figure represents 2 million liters more than the figure registered for the same period in 1995. (Havana Radio Rebelde Network in Spanish 1700 GMT 4 Jul 96)

For a year, the Anastasio Cardenas Factory of Agricultural Implements in Villa Clara has nearly come to a halt because it lacks financing to purchase raw materials and the Ministry of Sugar Industry and the Ministry of Agriculture decided to assume its production. In the

first half of 1996, the Anastasio Cardenas Factory has only produced 20 plows, even though it is capable of making 5,000 a year. (Havana Cubavision Network in Spanish 0000 GMT 5 Jul 96)

An item cites Construction Minister Juan Mario Junco del Pino saying that in the first half of 1996, construction and assembly activities in Cuba grew by approximately 40 percent compared to the same period in 1995, according to a 6 July report datelined Sancti Spiritus. The sector's 136,000 workers implemented works for 600 million pesos with an average productivity of 863 pesos per man, the minister explained. The efficiency level achieved represents a profit of over 80 million pesos. The leading efforts are taking place in the tourism sector and this year, there are plans to complete the construction of 5,000 new rooms in Havana City, Varadero and Cayo Coco. Minister Junco del Pino mentioned that by the end of July, they plan to deliver 2,640 rooms, more than 50 percent of the 1996 program. Gran Caribe and Cubanacan Inc. will benefit the most from the construction of new rooms. Concerning the housing program, the minister stressed that among the provinces, Sancti Spiritus has made the greatest progress, followed by Pinar del Rio, Las Tunas, Cienfuegos and Holguin. (Havana PRENSA LATINA in Spanish 2105 GMT 6 Jul 96)

Cuban oil workers surpassed by 4 percent their crude production plan for the first half of 1996 and extracted approximately 750,000 metric tons from fields being drilled. This accomplishment by the Petroleum Drilling and Extracting Enterprises of Western and Central Cuba, as well as the Majagua subsidiary in Ciego de Avila Province was due to a more effective use of productive facilities and the introduction of contemporary technology by specialized foreign companies. (Havana Radio Havana Cuba in Spanish 0000 GMT 7 Jul 96)

A 7 July, Havana-dated item cites press reports indicating that, as proof of its current recovery, the Cuban agricultural sector produced 1 million tubers and vegetables in the first five months of 1996, which represents an unprecedented figure in this period. Agriculture Minister Alfredo Jordan told JUVENTUD REBELDE that should this agricultural trend continue, the record of 1.5 million metric tons a year, set in 1992, will be surpassed. At a meeting with leaders of the Union of Young Communists, Jordan stated that this volume is not enough to meet the population's needs and urged them to work harder and take advantage of idle lands, whose number surpasses that of areas being currently exploited. Economy and Planning Minister Jose Luis Rodriguez reiterated that the island has survived the worst part of the crisis and added that "brighter days await us." Rodriguez recalled that from an economic growth of 0.7 percent in 1994, Cuba climbed to approximately 7 percent in the

first half of 1996 and hopes to end the year with approximately 5 percent. Rodriguez also mentioned that the budget deficit dropped from 5 billion pesos, registered in the most critical moment of the crisis, to the 500 million pesos projected in the 1996 plan. According to Rodriguez, currently, the production of most domestic products is on the rise, except for milk, eggs and meat, which are basically affected by a fodder shortage. Every year, more than \$100 million are invested to import fodder. (Havana PRENSA LATINA in Spanish 1754 GMT 7 Jul 96)

Tobacco workers from Villa Clara Province ended the 1995-1996 harvest by selling more than 1,200 quintals. It has also been learned that thus far, approximately 220 caballerias in Escambray have been assigned to new coffee growers in keeping with Resolution No. 419. With the implementation of this resolution, more than 630 additional residents are working to advance the area's economic development. (Havana Radio Reloj Network in Spanish 1930 GMT 7 Jul 96)

At a meeting, the leaders of supply operations of the agro-industrial sugar complexes in Villa Clara Province established that the fertilizers and herbicides must be properly stored, that is, within a roofed structure, because of their high cost in the world market and their significance for the production of sugarcane. (Havana Radio Reloj Network in Spanish 1930 GMT 7 Jul 96)

Despite that Cienaga de Zapata is a sparsely-populated municipality, it has earned the Cuban economy more than \$4 million in tourism revenues thus far this year. According to Osvaldo Gutierrez, Tourism Ministry delegate in Cienaga de Zapata, these revenues were possible because not only are beautiful facilities being exploited, but also varied points of ecological interest. Gutierrez pointed out that in 1995, 578,000 tourists visited the area and thus far this year, we have received 29,000 more tourists compared to the same period in 1995. He added: "We expect a turnout of approximately 200,000 tourists by year's end." Gutierrez emphasized that the quality of tourism has improved greatly and 60 works have already been completed this year. (Havana Radio Rebelde Network in Spanish 1155 GMT 8 Jul 96)

Cuba: Correction—Cubavision, Tele Rebelde Note Programs

PA0207132696 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 29 Jun 96

[Corrected version of item from the "NTV" newscast, originally filed as PA0107125996 and published on page

10 of the 2 July Latin America DAILY REPORT; providing supplemental material]

[FBIS Translated Text] Cuban television will begin its summer programming on 1 July. More than 1,000 hours of broadcasting are an effort by the country to facilitate people's entertainment amid the current economic situation. Starting on 1 July through 1 September, Cubavision will broadcast uninterruptedly from 1220 midday into the evening, with varied programming for all tastes and ages. This was announced today in a news conference by Television Vice President Ovidio Cabrera.

Tele Rebelde will become an Olympic channel from 19 July, when it begins to broadcast that sporting event. You will have summer programming details in tomorrow's midday newscast and in "Teleadvances" following "Saturday Hits."

The next "Open Agenda" program will be dedicated to summer television and the Olympic games.

[Hamburg DPA in Spanish at 2041 GMT 29 Jun 96 in a Havana-dated report adds: "Cuban state television will double its transmission time and will air U.S. adventure films and entertainment features in the next two months, in an effort to capture the interest of children and youths during school vacations. The official newspaper GRANMA, which devoted half of one of its eight pages to explain the summer television programming, said it is a "great effort" because the two national stations currently only have limited resources."]

Dominican Republic

Dominican Republic: Fernandez Declared Winner of Election

PA0907184796 Madrid EFE in Spanish
1649 GMT 9 Jul 96

[FBIS Translated Text] Santo Domingo, 9 Jul (EFE) — The Dominican electoral tribunal officially declared today that Leonel Fernandez and Jaime David Fernandez Mirabal of the Dominican Liberation Party (PLD) are the winners of the 30 June election.

The Central Electoral Board (JCE) announced the final vote count of the runoff election this morning. Leonel Fernandez, candidate for the PLD and the Patriotic Front, obtained 1,466,382 votes, while Jose Francisco Pena Gomez of the PRD [Dominican Revolutionary Party] obtained 1,394,641 votes, a difference of 71,741 votes.

The JCE today will hand Leonel Fernandez and Jaime David Fernandez the certificates accrediting them as winners of the presidential election.

The JCE will later send the Senate a copy of the certificates so the legislators can proclaim them president and vice president elect.

Haiti

Haiti: Preval, Smarth To Meet Lawmakers on Reform Plan

PA1007033596 Port-au-Prince Signal FM Radio in French 1700 GMT 9 Jul 96

[From the "Signal 13" newscast]

[FBIS Translated Excerpt] In political life, President Rene Preval will meet this afternoon with Lavalas parliamentarians. They were supposed to meet at the National Palace this Tuesday at 1300 in order to debate certain questions of national interest. According to a reliable parliamentary source, the main topic of discussions is the structural adjustment program, a program that falls within the scope of the modernization of state-owned institutions and that was rejected by the lower chamber last week.

So, Prime Minister Rosny Smarth, whose appearance was requested by deputies at the Legislative Palace for a statement on the reform plan worked out by the government, will not be there this Tuesday, because he is participating with the head of state in this meeting with Lavalas parliamentarians.

The prime minister is expected tomorrow, Wednesday, 10 May [as heard], according to a resolution adopted at the Chamber of Deputies. This resolution was announced by Chamber of Deputies President Fritz Robert Saint-Paul during a news conference held at noon today at parliament. [passage omitted]

Haiti: Preval Reopens Hospitals, Seeks PUR Project Vote

PA1007045396 Port-au-Prince Signal FM Radio in French 1700 GMT 9 Jul 96

[From the "Signal 13" newscast]

[FBIS Translated Excerpt] The St. Catherine Health Center, which was closed months ago, was reopened in Cite Soleil on 8 July by head of state Rene Preval, Public Health Minister Dr. Rudolph Mallebranche, and other government officials. In a speech, Preval asked parliamentarians to release [as heard] the bill on the government's economic program.

He took the opportunity to announce that he has released about 6 million gourdes for Cite Soleil inhabitants with burned houses. This money will allow reconstruction in the area that burned on 27 December 1993. Luckenson Jean reports:

[Begin recording] [Jean] On Monday, 8 July, Haitian head of state Rene Preval, accompanied by several government officials and some members of the diplomatic corps, proceeded to officially reopen the St. Catherine Hospital Center in Cite Soleil. In his speech, Minister of Public Health Dr. Rudolph Mallebranche stressed the importance of the hospital, given the services it used to provide to the Cite Soleil population.

According to the health minister, the reopening of the hospital center has been made possible thanks to the efforts of the new western departmental director [words indistinct]. Dr. Mallebranche thanked USAID for its assistance to the Ministry of Public Health and Population. [passage omitted]

The Haitian head of state did not conceal his satisfaction on the occasion of the reopening of the St. Catherine Hospital center. The head of state said we do not have time to waste, the moments are difficult, and the situation of the Haitian people is very complex.

Preval took the opportunity to address two parliamentarians who were present at the ceremony to ask them to work on the PUR II project, which involves building a new hospital in Hinche and doing repairs on the general hospital. This project has been in files for one year. Let us listen to Mr. Preval:

[Preval] It is actually a satisfaction for us to proceed to inaugurate, to reopen two centers, including one hospital and one health center in Cite Soleil. What pleases me more is that we announced it for 8 July, and we have done it on 8 July.

The needs of the Haitian population are so enormous and so urgent that I must check my watch even with the 60-month mandate that has been given to me. I am addressing Senator Wesner Emmanuel, and I am addressing Dr. Kelly Bastien, vice president of the Chamber of Deputies, [words indistinct].

For instance, the PUR II project provides for the reconstruction of the Hinche hospital and improvements to the general hospital. Please have the PUR II project move forward, as an amount of \$50 million has remained idle for more than one year.

[Jean] According to the people of the area, the reopening of St. Catherine is something very important, and they hail the efforts of the government. [passage omitted]

Before returning to the National Palace, the Haitian head of state visited Soleil 17, where several families were the victims of a criminal fire on 27 December. [end recording]

Mexico: Government Responds to U.S. Article on Zedillo

PA0907132696 Mexico City XEW Television Network
in Spanish 0330 GMT 9 Jul 96

[From the "24 Hours" newscast]

[FBIS Translated Text] Dionisio Perez Jacomo, general news media coordinator of the federal government, has sent us a letter dated 8 July. It is addressed to the editor of THE NEW YORK TIMES, New York City, New York, United States.

It reads: Mr. Editor—Under the headline A Commission on Corruption, Mexico Links President Zedillo to a Questionable Payment, your correspondent Anthony de Palma wrote in his article published 5 July that a commission investigating government corruption in Mexico has implicated President Ernesto Zedillo to a questionable payment by the government. These statements and others along those lines contained in de Palma's article are clearly false.

First, although a Chamber of Deputies commission is indeed conducting an investigation of Conasupo [National Company for Basic Commodities], an organization that has subsidy management programs for staple products as one of its responsibilities, this commission has not implicated President Zedillo or any other person in the payment that is the topic of de Palma's article. In saying that the investigation is still being carried out, the commission chairman and others of its members have clearly and publicly stated that no evidence of mismanagement has been found.

The only source for de Palma's alleged revelations is not the congressional commission but, rather, just one member of this commission; that is, opposition Deputy Adolfo Aguilar. Furthermore, Deputy Aguilar did not present his concerns and proof to the commission until de Palma had sent his article to THE NEW YORK TIMES. Had de Palma taken the trouble to consult other commission members, perhaps he would not have attributed to it Deputy Aguilar's false and slanderous claims. Choosing Deputy Aguilar as the sole source of the accusations that seek to impugn the integrity of President Ernesto Zedillo, without referring to this deputy's own political interests and his notorious activities as an opposition politician who is exclusively faithful to himself, reveals a naivete or lack of impartiality that in no way serves the readers of THE NEW YORK TIMES.

Deputy Aguilar was the campaign spokesman for the presidential candidate of the Party of the Democratic Revolution, the PRD, in 1994 and accepted a legislative seat granted to his party, based on the principle of proportional representation, before he abandoned his

party's bloc and published a book in which he criticized the candidate he served.

In his articles published in the Mexican news media, Aguilar has repeatedly employed an insulting and disparaging language to refer to President Zedillo. More recently, the Mexican press has cited Aguilar as the source of totally false rumors that President Zedillo was about to resign. De Palma tried only to get in contact with President Zedillo after the decision was made to publish his article and knowing that the president was on a tour of the country's north. Even so, de Palma was told that his information was false, that the assessments it contained were biased, and that he would be given the complete information and documents. Unfortunately, de Palma did not deem it necessary to take the trouble to verify the facts.

Not much can be said about the substance of Deputy Aguilar's accusations. In 1988 and 1989, Conasupo became embroiled in a controversy with a business company regarding responsibility for paying compensation for the delay in the providing of subsidies. The Conasupo Administration Council studied the matter carefully for an entire year and on 23 November 1989 unanimously approved to pay compensation and authorized the general director to negotiate a final accord with the company in question.

Zedillo, who was programming and budget secretary at the time, did not attend that council meeting because he had spent the entire day appearing at the Chamber of Deputies to submit the federation's spending budget for fiscal year 1990. The process leading to the decision to acknowledge Conasupo's responsibility and the subsequent payment was completely legal and honest.

Zedillo's role was simply to send an official communication in October 1989, in his role as programming and budget secretary, to the Conasupo general director. He reiterated that the Commerce Secretariat rather than the Programming and Budget Secretariat had jurisdiction in any substantial aspect of the decision, according to the Federal Public Administration Law.

De Palma quotes Deputy Aguilar as saying that with his letter, Zedillo created an opportunity to skirt the council, and the payment was suddenly made. In fact, no one skirted the council, which again attended to the issue in subsequent months and adopted the final decision to approve payment.

Without concern about its incongruity but perhaps due to the weakness of its arguments, Deputy Aguilar wrote President Zedillo a letter the same day the article was published. He said his statement does not entail criticism nor does he intend to issue any accusations.

President Zedillo and his administration have a firm commitment to freedom of expression and freedom of the press, and they believe the publication of debatable, even slanderous, opinions is a price worth paying to protect those rights, which again find new channels of expression in Mexico.

Mexico has the greatest respect and appreciation for the levels of ethics, professionalism, and excellence THE YORK TIMES symbolizes; nevertheless, by presenting Deputy Aguilar's false and groundless accusations as the findings of a congressional commission which not only has failed to endorse those charges but also had had no knowledge of the charges at the time when the article was published, de Palma proves he is not consistent with those principles.

Yours truly, Dionisio E. Perez Jacome, general coordinator, Federal Government Social Communications Department.

Mexico: Army Deploying in 'Routine' Operation in Hidalgo

PA0907180496 Mexico City LA JORNADA
in Spanish 8 Jul 96 p 1

[Report by Alonso Urrutia: "Discovery of Weapons Leads To Mobilization in the Huasteca Region" — received via Internet]

[FBIS Translated Text] Huejutla, Hidalgo State, 7 Jul — Officially it is a "routine" military operation, but this remote municipality in Hidalgo is virtually occupied by the Army. Light tanks, gun vehicles, and personnel carriers from Veracruz, San Luis Potosi, and the municipality adjacent to Huejutla are filling desolate communities with soldiers.

The reason: the discovery of an unspecified number of weapons in the community of El Lindero, which has been in the hands of the Army since 5 July and into which there is virtually no access. The official versions of the discovery of the armament are diverse, given that the Mexican Army has taken full control of the zone where the Independent Organization of United Peoples of the Huasteca (OIPUH) works.

One version has stated that the weapons were buried somewhere in that community. A second version has stated that members of the 84th Infantry Battalion coming from Veracruz have found an armed group that has abandoned some goat horns (AK-47 rifles), but no armed clash ensued. Both versions have coincided that weapons were seized.

Certain Public Security officials and Hidalgo State government officials are only certain of that fact in view that the Army has not provided any information.

—Were they many?

—[Unidentified speaker] We do not know. I know that there were some and that they were found in El Lindero.

To reinforce the military presence, the local government has deployed Public Security and State Judicial Police (PJE) personnel. "We are reinforcements," a member of the PJE has said.

—What type of operation?

—We do not know anything, the Army controls everything.

As of 6 July, hundreds of soldiers have been deployed to Huautla, and checkpoints have been established along the roads leading to the municipal capital. "It is a routine operation related to the enforcement of the law on weapons and explosives," an Army lieutenant curtly replies at the Xochitlapan crossroad.

Private transportation is thoroughly inspected, and bus passengers are forced out of the vehicles to be checked. The deployment of troops along the roads leading to Huautla is discreet, but as one goes further into the communities, the military presence obviously increases.

To the military silence about the nature of the operation is added the fearful silence of the population.

"We only know there are many federal troops," Arturo Soleta has said, nervously downplaying his party affiliation at the municipal committee offices of the PRD [Party of the Democratic Revolution].

At the municipal office, the activity of the Army, Judicial Police, and Public Security personnel has contrasted with indifferent Mayor Isidoro Vites. He has said: "The municipality is calm. The Army has been here for the past days because of reforestation."

It is market day in Huautla, and tension over the federal troop deployment since 5 July is relative at the municipal capital.

The picture radically changes some dozens of meters outside the municipal capital.

Barrio Hondo is a community of a couple of hundred inhabitants whose daily routine was broken on 6 July with the massive arrival of the Army.

It is the first in a series of communities occupied by the Army. Its residents say this part of the Huasteca region in Hidalgo is used occasionally as a route by military patrols, but these have intensified since the appearance of the Revolutionary People's Army (ERP) in Guerrero.

Troops have been arriving since 5 July. The overflight of helicopters near El Lindero and the massive arrival of vehicles confirm the discovery of weapons.

Contrary to his version that the Army is in the municipality for routine tasks, Mayor Vites went to Barrio Hondo on 6 July to notify the community that La Galera, a site used for community activities, would be used as an improvised garrison for an indefinite period.

The recently built Guadalupe church has never had so much military protection: three gun vehicles, six jeeps, and 50 soldiers. It does not even have a resident priest.

Surrounded by soldiers, some hardworking women evade all reference to the Army. One of them simply replies "it is normal."

—Are there a lot of patrols in the area?

—Sometimes, she replies.

Not one more word. There is fear, and only a few provide information once one gains their trust. Disinformation, rumors, and the only certain fact: the military occupation of the communities.

There are soldiers in Tamoyon, Chapopote, Tecolutla, and San Sebastian, the same as in Barrio Hondo.

"There is no entry only in El Lindero," a peasant has said.

Mexico: Zedillo Approval Rating Reaches 35 Percent

96CA0235A Mexico City REFORMA in Spanish
2 Jun 96 pp 1A, 4A

[Article by Haydee Perez, Guillermo Aguilar, and Rafael Olmenez: "Stability Prevails"]

[FBIS Translated Text] Economic problems are making it difficult for the president to gain grass roots support. The quarterly nationwide poll conducted by REFORMA and EL NORTE shows that Ernesto Zedillo's popularity is holding steady at a low level comparable to that of other world leaders.

What grade would you give President Zedillo on a scale from 1 to 10, where 1 is very poor and 10 is very good?

March 1995	6.3
June 1995	5.3
August 1995	5.4
November 1995	5.2

March 1995	6.3
March 1996	5.7
June 1996	5.5

Trend in the President's Approval/Disapproval Rating Since March 1995

Month/Year	Approve	Disapprove
March 1995	53	34
June 1995	31	61
August 1995	34	56
November 1995	31	60
March 1996	41	48
June 1996	35	57

If elections were held today for president of Mexico, for which party would you vote?

Party	Percent
PRI [Institutional Revolutionary Party]	28
PAN [National Action Party]	23
PRD [Party of the Democratic Revolution]	9
Other	4
None	36

The president of the republic, Ernesto Zedillo, has not regained the level of popularity that he enjoyed when he took office in Mexico, but he has held steady this past quarter, with a mild decline from 41 to 35 percent in his approval rating.

The nationwide REFORMA/EL NORTE poll shows the Mexican chief executive getting an average mark of 5.5 on a scale of 1 to 10.

The popularity of a president in a political system like Mexico's is reflected in people's support for or rejection of the policies that the executive branch pursues, Ulises Beltran, a researcher with the Office of the President, recently indicated in an article that is part of the UNAM [National Autonomous University of Mexico]-published book "Los Mexicanos de los Noventa" ["The Mexicans of the 1990's"].

The link between the president's popularity and support for policies can be seen in the fact that 57 percent of Mexicans disapprove of Zedillo and 64 percent describe his handling of the economy as poor or very poor.

The president's popularity is thus tied to developments in the economy such as the unemployment rate, inflation, and the peso-dollar exchange rate, as well as to people's perceptions of these developments, expectations of improvement, and the government's successes and failures in solving the country's main problems.

The poll reflects people's perceptions. The responses indicate that the current economic situation remains bad, as it was last year, albeit less bad than it was at the most awkward point in the economic crisis that we have experienced since December 1994, which came in the second half of 1995.

In contrast, the respondents were more optimistic about issues having to do with the current political situation and the economic outlook for next year.

As far as the respondents were concerned, President Zedillo's biggest failure so far has consistently been the poor handling of the economy and the lack of success in dealing with the problem of unemployment. They see few results in the battle against inflation as well.

Probably more serious is the fact that almost two-thirds of the respondents could not mention any major success of President Zedillo's administration. Among those who did point to a success, nine percent emphasized his efforts to stabilize the economy and five percent noted an attempt to battle corruption.

Crime, which was an issue in the presidential campaign, is another of the issues that most concern people in the country, most of whom feel that the authorities have been unable to deal appropriately with this problem. Residents of the Federal District (DF) see this as an extremely serious problem.

During the campaign and the first few months of his administration the president also stressed the issue of honesty among civil servants. His administration has not yet gained the confidence of most people on this issue.

The issue of the conflict in Chiapas reemerged in the mass media during the past quarter. Discontent among the public surfaced once again as half of the respondents said that the administration has been altogether unsuccessful in the peace negotiations; this represents a 13 percent increase.

Presidential popularity has been measured only since the close of Jose Lopez-Portillo's term. On a strictly national level, President Zedillo's popularity is relatively

low, especially if we compare it with the close to 80 percent popularity that Carlos Salinas reached when he was president. Nevertheless, Carlos Salinas is now the most unpopular former president.

Ernesto Zedillo's approval rating shows that although Mexico still has a presidentialist system, it is starting to have the sort of public opinion that can assess a government's performance, as is the case in countries in which the executive branch is accountable to the voters.

An international comparison, for example, shows that President Clinton's approval rating has ranged from 37 to 58 percent; Zedillo's has run from 31 to 53 percent.

Handling the Economy: Unchanged

Most people still have very little confidence that the government is running the economy properly.

How would you describe the performance of Ernesto Zedillo's administration in running the economy?

Reply	Mar 95	Jun 95	Sep 95	Dec 95	Mar 96	Jun 96
Poor/very poor	52	65	61	65	60	64
Good/very good	17	12	12	12	13	11

Economic Situation: Better

The feeling that the economic situation was worsening bottomed out in June. Pessimism declined in March, and the responses held steady in June. Improvement is seen in the long term.

How do you feel the economic situation is compared to a year ago?

Reply	Mar 95	Jun 95	Aug 95	Nov 95	Mar 96	Jun 96
Worse	89	91	79	82	61	60
Better	1	3	5	5	15	13

Economic Expectations: Better

Expectations that the economy will be better in the future have grown. People were slightly more optimistic this past quarter than the previous one.

What do you think the economic situation will be like next year?

Reply	Mar 95	Jun 95	Aug 95	Nov 95	Mar 96	Jun 96
Worse	29	35	34	40	33	35
Better	35	33	29	24	28	26

Political Situation: Better

Pessimism about politics has been declining throughout the six-year term, although it has not yet turned into optimism.

How do you feel the political situation is compared to a year ago?

Reply	Mar 95	Jun 95	Aug 95	Nov 95	Mar 96	Jun 96
Worse	52	56	50	49	41	39
Better	16	8	10	10	13	10

Political Expectations: Unchanged

Opinions are divided as to what can be expected in Mexico's political future. The trend remains unchanged.

What do you think the political situation will be like next year?

Reply	Mar 95	Jun 95	Aug 95	Nov 95	Mar 96	Jun 96
Worse	21	26	25	31	27	28
Better	37	27	25	21	24	22

Crime: Perception Unchanged

Half of the people feel that the government is doing nothing about it. The long-term trend remains unchanged.

How much success is the government having in dealing with crime?

Reply	Mar 95	Jun 95	Aug 95	Nov 95	Mar 96	Jun 96
None	53	61	59	59	50	50
A great deal	4	3	3	5	4	4

Chiapas: Worsening

The conflict in Chiapas was very much back in the news this past quarter. There was renewed pessimism about possible gains in settling it.

How much success is the government having in dealing with the conflict in Chiapas?

Reply	Mar 95	Jun 95	Aug 95	Nov 95	Mar 96	Jun 96
None	42	60	49	54	38	51
A great deal	6	3	3	3	4	2

Situation in the Countryside: Unchanged

People see the government as doing little in the countryside and thus retain their negative view.

How much success is the government having in dealing with the situation in the countryside?

Reply	Mar 95	Jun 95	Aug 95	Nov 95	Mar 96	Jun 96
None	61	65	58	60	57	59
A great deal	3	3	2	3	3	3

Education: Getting Worse

The salary protests by teachers caused more people to hold negative views of the government's actions in the area of education.

How much success is the government having in handling education?

Reply	Mar 95	Jun 95	Aug 95	Nov 95	Mar 96	Jun 96
None	32	37	30	30	22	29
A great deal	9	6	8	10	13	6

Church-State Relations: Unchanged

Owing to the difficulties encountered in the investigation of Cardinal Posada's murder, people do not see these relations as very successful.

How much success is the government having with church-state relations?

Reply	Mar 95	Jun 95	Aug 95	Nov 95	Mar 96	Jun 96
None	32	37	29	28	23	27
A great deal	6	8	4	5	7	4

Battling Corruption: Unchanged

The arrest of Raul Salinas brought a rise in positive views, though the trend did not continue. The positive responses are down slightly.

How would you describe the government's performance in battling corruption?

Reply	Mar 95	Jun 95	Aug 95	Nov 95	Mar 96	Jun 96
Poor/very poor	18	37	34	36	31	32
Good/very good	42	21	24	24	29	22

What has President Zedillo's greatest success been?

Reply	Nov 95	Mar 96	Jun 96
None/not sure	66	59	63
Trying to stabilize the country's economy	11	8	9
Administering justice/combatting corruption	5	5	5
Improving education	4	3	3
Peace negotiations in Chiapas	2	3	2

What has President Zedillo's greatest failure been?

Reply	Nov 95	Mar 96	Jun 96
None/not sure	29	38	28
Poor handling of the country's economy	24	25	23
Has not known how to govern	23	5	9
Has not solved the Colosio case	—	5	9
Buying power has declined	8	4	8

The Mass Media

How much do you trust the mass media?

Reply	Percent
A great deal	13
Somewhat/a little	72
Not at all	12
No reply	3

Methodology

From 18 to 30 May 1996, 1,500 people over the age of 18 were interviewed in their homes in 25 states. The sample was designed by stages. Urban and rural strata were defined, and survey points were selected according to this breakdown: 71 percent in towns of more than 2,500 inhabitants and 29 percent in ones with fewer than 2,500. The poll has a confidence interval of 95 percent and a margin of error of plus or minus 2.5 percent.

The poll was coordinated by the newspapers REFORMA and EL NORTE in conjunction with the papers

AM of Leon, AM of La Piedad, EL IMPARCIAL of Hermosillo, NORTE of Ciudad Juarez, PULSO of San Luis Potosi, LA CRONICA of Mexicali, NOVEDADES of Yucatan, and NOVEDADES of Campeche and Quintana Roo.

The numbers in the tables do not add up to 100 because intermediate responses such as somewhat, a little, and so-so, and nonresponses were not included.

Panama

Panama: Official Says Bases Must Not Be Renegotiated

PA0907192596 Panama City EL UNIVERSAL DE PANAMA in Spanish 8 Jul 96 p A1

[Report by Victor Dagoberto Torres]

[FBIS Translated Text] Foreign Relations Commission President Oyden Ortega has said Panama must not renegotiate the permanence of the military bases, because Americans have said they will not lease the defense sites. He added that the opinion polls that have favored the permanence of military bases in Panama have changed considerably and that this is why the government must readress its position on this issue.

Ortega has recalled that prior to the United States stating that it will not pay for the military bases, 70 percent of Panamanians favored the permanence of certain U.S. defense sites beyond the year 2000, but he has said only 30 percent of Panamanians now favor the initiative of allowing military bases to remain in the country beyond the 2000.

As for the beginning of talks among political parties on a likely permanence of U.S. military bases, he has affirmed that these political groups represent currents of opinions and national interest.

The former foreign minister has said the issue of the likely permanence of U.S. military bases beyond 2000 must be thoroughly consulted with all segments of Panamanian society. In addition, he has said Panamanians a long time ago agreed with the permanence of the military bases, because they understood that Panama was going to collect considerable amounts of money for leasing these areas and that there would be an economic advantage from the use to which this land would be put.

"High-ranking, U.S. Government officials have said they cannot pay the Panamanian Government for the use of these military bases," Ortega has said.

According to the also legislator, the position the U.S. Government has taken favoring the making of payments for the permanence of military bases in the country is a new position for the country to change its mind on the issue of renegotiating the military sites.

This week, political parties started holding talks to take a common position on the permanence of the U.S. military bases beyond 2000. The Arnulfist Party (PA) started holding talks with the Foreign Ministry, but the meeting's first results were not satisfactory, because the PA president said Foreign Minister Ricardo Alberto Arias had hosted only a protocol meeting in which nothing tangible had been discussed.

Panama: Official Says Canal Should Not Become 'Burden'

PA1007000396 Panama City EL UNIVERSAL DE PANAMA in Spanish 9 Jul 96 p A1

[Report by Victor Dagoberto Torres]

[FBIS Translated Text] Panama Canal Administrator Gilberto Guardia has said that the canal should not become a burden and must continue to finance itself with its own resources when the U.S. Government returns it.

"The Panama Canal has never been nor should it ever be a burden to the organization that administers it or for the country's taxpayers," Guardia maintained.

Guardia noted that, in the year 2000, Panama will be fully responsible for the administration and operation of the canal, and by then, the country should have made a firm commitment to offer the international maritime community a reliable, efficient, safe, and affordable transit service.

He also indicated that Panama must uphold its commitment to maintain a driven and productive labor force that works under favorable conditions and earns appropriate salaries.

He noted that the Panama Canal should be structured in a manner that allows operational funds to implement well-planned and orderly programs to maintain and modernize the waterway.

Guardia stressed that the users' satisfaction should continue to be its No. 1 priority, because they will be the final judges of Panama's skills as administrator of an international waterway.

He explained that the Panama Canal should be able to guarantee a favorable atmosphere for its operations so that it will be able to reap the benefits of the special devotion and loyalty that have always characterized its workers.

The U.S. Government has already reverted several installations and areas to Panama in keeping with the process of returning lands and buildings, with which the U.S. Government is required to comply.

Panama: Transfer of Paitilla Airport to Albrook Approved

PA1007000096 Panama City Circuito RPC Television in Spanish 2300 GMT 8 Jul 96

[Report by Soray Mariel Bambu; from the "RPC Television News" newscast]

[FBIS Translated Text] Despite the InterOceanic Region Authority's [ARI] opposition to the transfer of Paitilla

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Airport to Albrook Terminal, the Cabinet Council has already authorized the move.

Government and Justice Minister Raul Montenegro, who also serves as chairman of the Board of Directors of the Civil Aeronautics Directorate (DAC), delivered the news:

[Begin Montenegro recording] The Cabinet Council has already approved this project, and it is now up to the Civil Aeronautics Directorate to proceed to make the transfer. [end recording]

In a communique, the DAC dismissed today the transfer of Paitilla Airport to Tocumen for safety reasons. The communique textually stated that the DAC, for safety reasons, dismisses the transfer of Paitilla Airport to Tocumen International Airport, because this administration's priority is the safety of national and international users. We want to protect national aviation by avoiding a mixture of domestic and international flights. The DAC rejected ARI's position by pointing out that it is not its duty to decide where Paitilla Airport will be transferred.

Argentina

Argentina: Defense Minister on Military Retooling, Budget

PY1007014096 Buenos Aires NOTICIAS
ARGENTINAS in Spanish 1207 GMT 9 Jul 96

[FBIS Translated Text] Buenos Aires, 9 Jul (NA) — Defense Minister Oscar Camilion has noted that the status of the military budget "is far from being appropriate." He guaranteed, however, that, within a short period of time, the Argentine Armed Forces will have "optimum funds and capabilities."

In a message to the Armed Forces, Camilion admitted the budget constraints affecting them and emphasized that the new role to be played by Argentine military personnel involves keeping peace throughout our country and on international missions.

Camilion indicated: "Reviewing the current situation, and especially the budget issue, I admit that its status is far from being appropriate."

In a message sent on the 180th anniversary of our national independence, Camilion nevertheless emphasized that our country "will have, within a short period of time, Armed Forces with optimum funds and capabilities."

The defense minister also indicated that the Armed Forces "specifically are peace keepers and protagonists of mature relationships, based on the observance of laws and rationality."

In this regard, the defense minister emphasized the participation of Argentine military personnel in UN peacekeeping missions, as Argentina's "response to the phenomenon of global security."

Camilion explained: "I am convinced that the military apparatus has to be designed and organized to become the political leadership's last 'recourse' [ratio]. The military apparatus' most remarkable ability will involve deterring a possible recourse to violence as a course of action."

In this regard, the defense minister indicated that the new role to be played by the Armed Forces "definitively rules out the possibility of insane disruptions or unacceptable adventures."

Camilion added that the government's goal concerning the Armed Forces involves "transforming them into the suitable apparatus required by our national policy."

The defense minister noted: "I hereby express my appreciation, emphasizing the significance of the efforts made by military personnel in their heavy task of protecting the fundamental interests of our Republic,

within the framework of a fully effective state of law and unrestricted constitutional order."

The defense minister asked "all Armed Forces members to continue to work with the same determination, responsibility, and optimism with which they have been working so far."

Camilion added that, "despite adverse circumstances," the Armed Forces "shall lay the groundwork for a purely promising future."

Argentina: Struggle Against Money Laundering Viewed

PY0907134296 Buenos Aires TELAM in Spanish
1746 GMT 5 Jul 96

[FBIS Translated Text] Buenos Aires, 5 Jul (TELAM) — Daniel Lacace, secretary for planning and laws against drug trafficking activities, confirmed today the government's decision to enhance the struggle against drug trafficking by carefully defining the laws on money laundering.

He noted: "Special emphasis is being placed on updating and defining money laundering crimes, not just those involving drug trafficking, but also other wrongdoings like organ sales."

Lacace told TELAM: "Any attempt to transform illegal funds into legal funds will be condemned in Argentina."

He said that various bills on which a consensus has been achieved with the Justice Ministry have been sent to Congress. He stated that three days ago President Carlos Menem signed "a decree to control 'chemical precursors,' which is a very significant mechanism to control the production of elements for processing drugs."

He made these remarks at the end of a seminar entitled "Drug Trafficking: an Intelligence Review" at the Secretariat for the Prevention of Drug Addiction and for the Antinarcotics Struggle.

The seminar was held within the framework of a memorandum of understanding signed among the UN International Drug Supervision Program and the governments of Argentina, Bolivia, Chile, and Peru.

High-level representatives from drug supervision agencies of the countries that signed the memorandum of understanding on 14 April 1994 participated in the seminar.

Lacace supported the "modernization" of the laws of South Cone countries "as this is the only way to properly control trafficking."

Lacace stated: "Thus, there will be no fiscal havens for money laundering." He added: "We must rethink the concept of producer countries, transit countries, and consumer countries, as most nations are involved in this problem."

Bolivia

Bolivia: Industry Secretary on Advantages of Mercosur

PY0907162396 Cochabamba LOS TIEMPOS
in Spanish 25 Jun 96 p B5

[FBIS Translated Text] Industry and Commerce Secretary Douglas Ascarrunz has said the opening of markets within an agreement between Bolivia and Mercosur [Common Market of the South] will not represent a commercial risk for Bolivian products.

Quite the contrary, he said, it will represent more advantages than disadvantages because almost every product that currently comes from more developed countries of the Mercosur is smuggled into the country without paying custom tariffs.

Among the advantages, Ascarrunz mentioned the growth of soybean production due to the preferential tariff treatment within the framework of the Andean Pact. He said this may be the case with Mercosur for other products.

He added that the \$220 million trade deficit with Mercosur member countries reveals a need to reverse the situation and close the gap. He said only significant export is gas to Argentina.

Ascarrunz said that to successfully compete and thus improve our economy, the country needs to make its products more sophisticated.

Pointing out the possibility of producing vehicle spares — which are easy to export to Argentina and Brazil — Ascarrunz said: "There are many fields we could exploit, the important thing is to know in which areas we can succeed."

Bolivia: Diplomatic Ties With Moldova, Azerbaijan Noted

PY0907164696 La Paz Radio Cadena Nacional
Network in Spanish 1100 GMT 9 Jul 96

[FBIS Translated Text] It was officially announced that yesterday Bolivia established diplomatic relations with Moldova and Azerbaijan, a part of the former USSR, after signing two reciprocal agreements in New York.

Edgar Camacho, Bolivian permanent representative before the United Nations, signed the agreements with counterparts of the mentioned governments.

The Foreign Ministry has announced that this decision seeks to diversify diplomatic relations and to increase our presence in new international forums.

The agreements fall under the UN Vienna Convention.

Bolivia: Yungas Coca Growers To Oppose Coca Eradication

PY0907162096 La Paz Radio Cadena Nacional
Network in Spanish 1100 GMT 9 Jul 96

[FBIS Translated Text] Peasants from the Yungas region of La Paz Department will oppose the compulsory or voluntary eradication of coca plantations.

This decision was reached during a meeting last weekend in Coripata. A total of 500 delegates participated in the event.

David Herrera, national leader of the coca growers union announced the decision by the Yungas peasants.

[Begin Herrera recording] Yes, we held an ordinary meeting of coca producers from the Yungas region of La Paz Department, at the regional Coripata federation. The 500 delegates and coca producers who attended the meeting agreed they will not accept any eradication — either voluntary or much less if it is compulsory. The coca growers decided to oppose any government attempt to eradicate coca plantations because it is a patrimony they have been administering for years. [end recording]

A new social conflict is in the making following this decision and the pressure the U.S. Government is exerting on the Bolivian Government.

Bolivia: News Summary for 5 Jul

96CA0229A (Internet) Bolivian Social
Communications Ministry WWW in Spanish 5 Jul 96
Morning Edition

[From the Computer Services Network of the Bolivian Social Communications Ministry <http://utama.bolnet.bo:80/mcs/matind.htm>]

[FBIS Translated Excerpt] [passage omitted]

Political News

Political Accord Reached

Yesterday at the Palace of Government a significant political accord was reached, guaranteeing that a second Extraordinary Congress will be held. It will be convened on 22 July, and discussions of the controversial Article 60 of the Constitution will begin then.

After the meeting in which representatives of MIR [Movement of the Revolutionary Left], ADN [Nationalist Democratic Action], UCS [Solidarity Civic

Union), MBL (Free Bolivia Movement), CONDEPA [Conscience of the Fatherland], and MNR [Nationalist Revolutionary Movement] took part. Minister of the Presidency Guillermo Justiniano reported that the discussions were successful since, in addition to ensuring that a second congressional session will be held, agreement was also reached on the need to press forward with the treatment of most of the issues scheduled for the first Extraordinary Congress, which is now over halfway through its sessions. [passage omitted]

Social News

COB Calls Strike for 10 July

The general assembly of the COB [Bolivian Labor Federation] yesterday evening called a national "mobilized" strike for Wednesday, 10 July, to express support for the current social security system and opposition to the government's plan to reform the pension system.

This announcement was made by the COB's executive secretary, miners' representative Milton Gomez, while explaining that the union movement has adopted some important resolutions concerning the "assault" by the government, which is attempting to have Congress pass the Pension bill and the National Agrarian Reform Institute bill, and approve the "expropriation" of the airports of Santa Cruz, La Paz, and Cochabamba, as well as the layoffs of workers from state enterprises. [passage omitted]

Brazil

Brazil: Industry Minister Vows Not To Change Auto Policy

PY0907135496 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 9 Jul 96

[FBIS Translated Text] Industry and Commerce Minister Francisco Dornelles has vowed not to change the administration's auto policy.

He said this when asked about Japan's imminent official complaint before the WTO over the Brazilian policy of granting benefits for auto exports.

[Begin Dornelles recording] The law, the provisional measure governing the auto trade, will not be amended. The fact that one country or another may have notified or filed a complaint with the WTO is a routine event. It is precisely the WTO's role to hear complaints. [end recording]

Dornelles met with exporters at the Sao Paulo Commercial Association at which he listened to a number of suggested changes to the foreign trade draft law sponsored by Benedito Fonseca Moreira, former president of Fumcex [Central Foundation for Foreign Trade Stud-

ies]. Exporters want foreign trade laws to be reconciled. Dornelles said the proposal should not be sent to Congress until after it has been thoroughly discussed by all interested sectors.

Brazil: Cardoso Vows To Finish Subways, Create 60,000 Jobs

PY0907170096 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 9 Jul 96

[FBIS Translated Text] In his weekly radio address to the nation, President Fernando Henrique Cardoso today said that his administration is beginning to spend money to create jobs. He announced that Sao Paulo, Brasilia, and Rio de Janeiro will receive funds from the BNDES [National Bank for Economic and Social Development] to complete their subway projects.

[Begin Cardoso recording] Last week, I said that on this third year of the Real Plan my administration will fully devote its efforts to promoting and to creating jobs. If you have kept abreast of our employment program, you must know that we have already outlined some courses of action: privatization, loans for housing projects; investments in health and education, and the completion of projects that have been left unfinished.

Today, incidentally, I am going to refer to some unfinished projects: the subway projects of Sao Paulo, Rio de Janeiro, and Brasilia, which must be completed because they will bring better living conditions to residents of those large cities.

By the end of my administration, BNDES will disburse nearly 2 billion reais [R] for the Sao Paulo, Rio de Janeiro, and the Brasilia Federal District administrations so that they may complete the basic subway facilities in those cities. Subway trains provide residents with a fast, inexpensive means of transportation, which will thus benefit everyone.

Construction work has already resumed to complete the three subway projects: In Rio de Janeiro, to complete lines one and two; in Sao Paulo, to complete the North-South and East-West lines; and in Brasilia, when completed, the subway system will serve 70 percent of the city's residents by the year 2000.

Resumption of the construction of the subway projects is opening many jobs for both skilled and unskilled workers. Those responsible for hiring workers are urged to give preference to local workers. The subway projects are expected to create more than 60,000 jobs over a four-year period. Additionally, these projects will also have a positive impact on the national railway industry, which had been practically paralyzed for years. Because the subway projects entail the purchase of equipment,

including cars, Brazilian manufacturers will have to work at a fast pace. These projects will perhaps play a major role in reinvigorating the railway industry. This alone will have a major impact on the market of skilled workers.

BNDDES has already disbursed funds for the Rio de Janeiro subway project, and it is at present studying the Brasilia and Sao Paulo subway projects. Three months from now, all of the subway projects will be resumed at full steam. Line four of the subway will also be built in Sao Paulo. The good news here is that this line will be built in partnership with the private sector. Entrepreneurs may be allowed to invest up to 50 percent of the funds required to implement this project. This would become the first private subway line in Brazil.

Today BNDDES may finance projects such as those of subways because it is certain that project costs will not increase, as inflation is low and will continue to be low. Thus, as far as the federal administration is concerned, these projects must be completed by no later than the end of the tenure of the incumbent governors. [end recording]

Brazil: Daily Analyzes Congressional Decision on DVS

PY1007014196 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 28 Jun 96 p A3

[Editorial from the "Notes and Informations" Page: "The End of the Easy Way to Make Obstructions"]

[FBIS Translated Excerpt] In less than 24 hours, the Chamber of Deputies removed what according to Planalto Palace was the major obstacle for approval of the reforms. On the morning of 26 June, the Chamber of Deputies voted on a request for urgent treatment of a bill restricting the requests for the separate voting mechanism (DVS); late in the afternoon, the bill was approved by 248 votes to 141, with 11 abstentions. The easy way in which the bill was approved, without long debates on the effects of the bill on the rights of minorities — which might be feared — proves that the government lacks strategists. That is, it lacks people capable of analyzing variables, placing them in specific contexts and in a specific order, foreseeing developments and consequences, measuring risks, and — finally — proposing the most appropriate or feasible course of action. [passage omitted]

Let us now focus on the fact that the current reform of the Chamber of Deputies' regulations aims at strengthening the action of political parties, without annulling the personal initiatives of deputies. Individual lawmakers and, therefore, the minorities, keep their right to submit requests for DVS, with the difference that now

they will not be automatically accepted. They must be approved by the majority in a floor voting, which is not an unsurmountable barrier, but which is different from the previous generosity with which the requests were granted. Parties will be strengthened because their leaders will discriminate the topics to be submitted to DVS at request of their rank-and-file, in order to make them compatible with the requirement that was now approved. Thus, the parties with more than 75 deputies may request four DVS's; the parties having from 50 to 74 deputies, up to three; those having between 25 and 49 deputies, two; the parties having from 5 to 24 deputies, one DVS. The parties with less than five deputies may not be automatically granted a DVS request. This means that parties will have to be more careful with this instrument of obstruction, reserving it for doctrinary and program topics, to the detriment of personal positions and personal shows.

Brazil: Editorial Criticizes Helms-Burton Law

PY0907131096 Sao Paulo FOLHA DE SAO PAULO in Portuguese 6 Jul 96 Section 1 p 2

[Editorial: "Complete Hypocrisy"]

[FBIS Translated Text] International reaction against the U.S. Helms-Burton law is getting stronger. The recently approved law provides for sanctions against any enterprise anywhere in the world that does business with Cuba. This foolishness and the attack on international law could not be more obvious. Why has the United States assigned itself the right to instruct an enterprise — which does not even have an office in the United States — on who it can and cannot negotiate?

This U.S. strategy, which seeks to isolate Cuba, seems fully wrong — not to mention being an example of complete hypocrisy. No one denies that Fidel Castro is a dictator, yet China (which has a much harsher dictatorship) has suffered no embargo from the United States and even enjoys the status of most favored nation.

If the point at issue is whether or not a country is ruled by a dictatorship, it should be remembered that during the 1970's, the United States sponsored several rightist dictatorships all over Latin America. This shows double standards.

To cap it all, another law with identical objectives — this time to affect trade with Iraq and Libya — awaits approval by the U.S. Congress.

The measures are so absurd that even the closest allies of the United States have criticized them. At the recent Group of 7 summit in Lyon (France), French President Jacques Chirac said the measures "are neither efficient nor elegant."

That is the least that can be said about them.

Brazil: Natal, Goiania Municipal Races Viewed
 96SM0420A Sao Paulo ISTOE in Portuguese
 3 Jul 96

[Unattributed article: "Favorite Threatened"; paragraphs in italics as published — received via Internet]

[FBIS Translated Text] *The leader in the Natal election campaign, Carlos Alberto, is fighting in the PFL [Liberal Front Party] for the right to run against the PSB [Brazilian Socialist Party].*

Surprises surround the mayoral campaign in Natal, Rio Grande do Norte. The leader in the exclusive ISTOE/Brasmarket poll, Federal Deputy Carlos Alberto (PFL), was resisting appeals by the party's national leadership in recent months to run, but he has decided to enter the race. With 26.6 percent of the potential vote in our multiple-choice survey (in which voters are presented with a list of all the candidates), Carlos Alberto is ahead of former Mayor Wilma de Faria (PSB), who had 19.6 percent, and Governor Garibaldi Alves' candidate, Joao Faustino (PSDB [Brazilian Social Democracy Party]), who had 10.8 percent. The ISTOE/Brasmarket poll was conducted in Natal on Tuesday the 25th and consisted of 1,125 interviews. "The margin of error is less than two percentage points," says Ronald Kuntz, director and president of Brasmarket. In the spontaneous poll, in which voters named their preferred candidate without being presented with a list of names, Carlos Alberto was again in the lead. He had 20.9 percent of the potential vote, compared to 15.9 percent for Wilma and 7.7 percent for Faustino.

The electoral picture in Natal will not be complete until this weekend, when the PFL will hold its municipal convention. All indications are that the party is set to form a coalition with Wilma de Faria's PSB rather than run its own candidate. But the favorite, Carlos Alberto, may reverse that situation. He had announced that he would not agree to run but changed his plans when all the polls showed him to be the front-runner. "I am a real alternative for the party," explains the deputy, who two months ago was encouraged to run by the national president of the PFL, Senator Jorge Bornhausen. "Since the convention will still be held, it is time for the party members to realize that it will be better to have our own candidate than to commit ideological adultery," he says.

That statement is in fact a jab in the direction of Wilma de Faria's PSB, which is awaiting the results of the PFL convention. A behind-the-scenes agreement with Marcilio Carrilho, president of the party's temporary municipal committee, is intended to take the PFL into a coalition with the PSB, which also has the blessing

of Senator Jose Agripino Maia, the party's regional president. Under the agreement, Carrilho may run for the job of Wilma's deputy mayor. "I don't think Carlos Alberto will be a candidate," she told ISTOE. "The entire PFL is supporting me."

While the leaders in the ISTOE/Brasmarket poll are making up their minds, the other candidates are waiting for free TV time to begin so they can jockey for position. In the multiple-choice poll, Fatima Bezerra of the PT [Workers Party] is in fourth place with 6.6 percent, and Leonardo Arruda of the PDT [Democratic Labor Party] is one place behind her with 4.1 percent. Among the voters, 8 percent said they did not intend to vote for any of the candidates listed, 9 percent chose to cast void or blank ballots, and 15.3 percent said they had not yet decided who their favorite was. That large group of undecided voters shows that the election is still an open race and that the current picture may change during the campaign.

Rio Grande do Norte and its capital Natal in particular have a tradition of bitter election contests that have been dominated in recent years by the Maia and Alves families. The PFL's coalition with Wilma de Faria may indirectly represent a repetition of that historical situation. After all, Wilma competed in and won the election for mayor of Natal in 1988, when she was still married to Senator Lavoisier Maia. Now, even though she no longer carries her former husband's name, she is again drawing close to the clan, which controls the local PFL. The pebble in the shoe of that plan may be Carlos Alberto, who spent last week in Brasilia trying to persuade the national leadership to reverse the situation in Natal. In addition, he is promising to go to the convention to try to break the agreement made at the top and persuade the rank and file. Carlos Alberto likes to say: "There is a trick to this game." Another characteristic of elections in Natal is the tendency toward a kind of "funneling" among the candidates: by the time the campaign reaches its final moments, only two candidates with any real chance of winning are left. That is one more reason to understand the fight between Carlos Alberto and Wilma de Faria to win the PFL.

In this round, the ISTOE/Brasmarket poll presents an innovation compared to previous polls. This time there was also a public opinion survey concerning the performance of municipal councilors and the vote-getting ability of first-time candidates. Voters were presented with a list of all the municipal councilors and asked whether "any of them deserve to be reelected." The outstanding leader in this case was Aquino Neto of the PFL, who had 15.7 percent of the potential vote. In second place was Tony Edson, also of the PFL, with 7.2 percent. Another councilor deserving

of mention for his performance is Fernando Mineiro (PT), who was mentioned by 3.4 percent. The PT is a recently formed party in Natal, and it may grow in connection with the October elections. The two PSB councilors, Bernardo Gama and Nelson Newton, performed poorly, being mentioned by 1.3 percent and 0.5 percent respectively. But 25.4 percent of the voters felt that none of the current councilors deserved reelection. Among the newcomers in the race, the popular preference, according to the ISTOE/Brasmarket poll, goes to Luis Almir, who was called a "good candidate" by 34.1 percent of those polled. Next in line after him is Mario Cesar with 7.6 percent. And 40.2 percent of those polled prefer to vote for a first-time candidate, while 34.1 percent said they would vote for a politician who already holds office in the city. A sign that in Natal, a good many members of the Municipal Chamber are going to be reelected.

Easy Lead

Nion Albernaz, the PSDB candidate for mayor of Goiania, wants to pay Iris Rezende back.

The upcoming elections in Goiania will be marked by a battle that began in the 1994 campaign, when Nion Albernaz, then a member of the PMDB [Brazilian Democratic Movement Party], was passed over in the party nomination for state governor. On the outs with the PMDB since then, Albernaz found immediate shelter in the PSDB nest and now has a chance to pay Senator Iris Rezende back. It was Rezende who, two years ago, chose to nominate the current governor, Maguito Vilela. According to the exclusive poll commissioned by ISTOE from Brasmarket Market Analysis and Investigation, Albernaz has an easy lead in the race for mayor of Goiania. At the head of the coalition between the PSDB, the PFL, and the PPB [Brazilian People's Party], he received 34.5 percent of the potential vote in that multiple-choice poll, in which interviewees were presented with a list of official candidates. Albernaz, who was once a federal deputy and also served two terms as mayor of Goiania, was also in first place in the spontaneous poll, where he was chosen by 26.9 percent.

In second place with 23.7 percent of the potential vote in the multiple-choice poll and 17.8 percent in the spontaneous poll is Senator Iris Rezende's candidate, Luiz Bittencourt (PMDB), speaker of the Legislative Assembly. Bittencourt did not announce his candidacy publicly until after the senator's wife, Iris Rezende (she has the same name as her husband), decided not to run for the post. Bittencourt is running as the candidate representing the PMDB-PSD [Democratic Social Party]-PL [Liberal Party] coalition. He is ahead of Albernaz

only from the standpoint that fewer voters reject him, since 15.2 percent of those polled would not vote for the PSDB candidate under any circumstances, compared to 11.5 percent rejecting Bittencourt.

The poll, in which 1,213 people were interviewed on Thursday the 20th, puts State Deputy Valdir Camarcio of the PT in third place in the race to succeed Mayor Darci Accorsi (PT). He received 8.4 percent of the potential vote in the multiple-choice poll and 6.2 percent in the spontaneous poll. In the city administered by his party, Camarcio is ahead of only one other contender: the PST [Social Workers Party] candidate, former Municipal Councilor Walter Souto, who received 3 percent of the potential vote in both polls.

In the poll in which voters chose their preferred candidate with no interference from the pollsters, 36.8 percent of those polled said they did not have a preferred candidate for mayor, and 9.3 percent of the total did not answer that question. When the candidates' names were listed, the number of interviewees without a candidate dropped to 15.3 percent, while 15.1 percent chose to leave the answer blank. If the picture does not change by 3 October, Albernaz will defeat the candidate backed by his former fellow party member, Iris Rezende.

Brazil: Latin Economic Forum Proceedings Discussed

96SM0420B Sao Paulo ISTOE in Portuguese
3 Jul 96

[Article by Carlos Jose Marques: "The New Brothers"; introductory paragraph in italics as published — received via Internet]

[FBIS Translated Text] *The hosts are beckoning to investors: \$75 billion in new projects.*

Buenos Aires—It is time to enlarge the frontiers. The word may sound ugly, but it describes exactly what is happening inside Mercosur [Common Market of the South], the trade agreement between Brazil and a few neighboring countries—the original list included Argentina, Uruguay, and Paraguay. The bloc is now getting a boost in politicostrategic strength and brilliant economic results. Chile, the apple of the region's eye, was being coveted because of its access to the Pacific Ocean, and last week it finally yielded to temptation and joined Mercosur. Bolivia and its energy potential, which is to be prorated among the Latin partners, also joined. Waiting in line to join in the future is Venezuela. Thanks to the entry of these new postulants, the bloc is gaining status as a power of the first order. The group's combined gross domestic product (GDP) is already bordering on \$1 trillion. As a consumer market,

it consists of 225 million "fellow countrymen." All told, they are responsible for a trade balance of nearly \$200 billion with the rest of the world. Among themselves, in what is usually described by the technical term "intra-bloc trade," the figure is in the neighborhood of \$30 billion. That is six times as much as the \$5 billion recorded in 1991, when the free trade agreement—later consolidated by the customs union in January 1995—began to take shape.

After taking off with those figures, Mercosur is reaching increasingly distant partners. In farthest Asia and with the partners in the European Union, the foundations are being laid for a corridor through which to increase exports from here to there and vice versa. That was made clear during the second World Economic Forum, the summit meeting of Latin chiefs of state and ministers, which this time was held in Buenos Aires. Meeting together and saying the right things were Presidents Fernando Henrique Cardoso of Brazil, Carlos Menem of Argentina, Julio Maria Sanguinetti of Uruguay, and Juan Carlos Wasmosy of Paraguay and invited Presidents Eduardo Frei of Chile and Gonzalo Sanchez de Lozada of Bolivia. Year by year, the World Forum brings over 400 business and political leaders together and provides a platform for developing closer ties and stimulating agreements between partner countries. The tone at the first forum, held last year in Sao Paulo, was set by Brazil's quarrel with Argentina over purchase and sales quotas for automobiles, but this time the talk was centered on new horizons. "What can be achieved from now on is an imaginary bridge linking Mercosur with the other blocs. Bilateral talks will be held for that purpose," says Klaus Schwab, the forum's coordinator and founder.

The thing behind that strategy for closer relations is the improved image that the Mercosur train has produced in the international community in recent times. Investors and authorities from all over the world are increasingly directing their attention to what they view as the birth of a stable economic pool offering opportunities. "We have left the import boom behind and entered a phase of responsible opening up by attracting productive investments," says Robert Campbell of Argentina, Mercosur's secretary of trade. The members of the bloc have also changed the way they view foreign capital. Putting it briefly, such capital will be welcome, especially when backed by specific projects for expanding local installed capacity and generating foreign exchange. Brazil's minister of foreign affairs, Luiz Felipe Lampreia, stressed that philosophy during the meeting and proposed that rules for defending the market be discussed. What Lampreia has in mind is far from indicating a return to protectionism. The basic idea is to organize a kind of joint

reaction against what are considered unfair trade practices. Industrial sectors such as textiles, footwear, and toys were recently taken by storm when Asian manufacturers, backed by subsidies from their respective governments and engaging in dumping (the sale of products at prices below the cost of production), launched an offensive. In the Brazilian foreign minister's opinion, a cordon of punitive regulations governing predatory competition would avoid that problem.

Along with Argentine Minister of Foreign Affairs Guido Di Tella, Lampreia played a leading role in the best and most heated debates at the forum's sessions. They reacted as one to provocations by the organizer, Klaus Schwab, who insinuated that Brazil and Argentina had pretensions of becoming world powers through their leadership of Mercosur. "We do not want a supranational position, and we are not going to have the pretension you imagine," Lampreia retorted. Di Tella chimed in: "We do not have temptations and aspirations that big." In the opinion of the chiefs of state, the important thing today is to know the extent of the consumer benefits that will result from Mercosur's enlargement and its opening up to trade. "We must ask not what we need to do to safeguard the interest of each member country, but what return the process is generating for the citizens," President Fernando Henrique suggested. Brazil will take over the presidency of the bloc from Argentina within the next few days, and it will try to accelerate the most touchy feature of the union, that being the need to determine permanent rules governing integration. This includes everything from the establishment of a common law on patents and intellectual property to the complete deregulation of such strategic sectors as that of fuels. In the Buenos Aires province of San Luis—where the chiefs of state went following the forum to open the 10th Mercosur Council Meeting—those topics were analyzed superficially, but it became clear that they would dominate debate at the upcoming negotiation meetings.

It was also in San Luis that Chile and Bolivia officially signed a commitment, following intense behind-the-scenes negotiations at the forum, to join Mercosur. Neither of the two can yet be considered an actual member. Chile's access to the bloc will not be finalized until October. Bolivia drew up a memorandum of negotiations as the basis for a number of prerogatives not yet granted—among them an increase in the domestic content of products it wants to export. In Chile's case, entering Mercosur was regarded as the number two choice. Its initial idea was to draw closer to NAFTA, the bloc headed by the United States. For its part, Bolivia offers a market demand much greater than it can satisfy, and

in exchange it has some major attractions. The biggest of them is construction of a gas pipeline with a link to Brazil at a cost of approximately \$1.8 billion, work on which should be completed in 1988 [as published; presumably 1998 intended].

The prospect of an investment boom in the Mercosur free trade zone has also triggered a race by businessmen. Several investments are taking shape in the region, and people at the forum estimate that they may total \$75 billion by the year 2000. To mention only a few, Volkswagen is building at least three new plants inside the bloc. The assembly firm's vice president, Lopez de Arriotua, says that will increase its production efficiency by 50 percent. Sergio Costa, director of the Ipiranga Group, confirmed a partnership with Hoechst for the construction of a petrochemical plant worth \$80 million in Argentina. In the area of water treatment, the director of the British firm Bechtel, David Shore, announced that it might participate in a project estimated to be worth \$150 million in Chile. Junichi Toyoda, president of Mitsubishi, made Asia's interest clear: \$400 million will be invested in various areas such as the production of television sets and agroindustry over the next three years. The takeoff in deals is just beginning.

Immutable Exchange Rate

Argentine Minister of Economy Domingo Cavallo talked to ISTOE about the main points that must guide that country's stabilization plan:

"The essential thing is to maintain the fixed exchange rate. The rate of one peso to a dollar will not change. The rule of convertibility is yielding great and good results, first among them negative inflation. We are not going to change any instrument, either now or in the future. There is not a single serious economist in Argentina who blames the exchange rate in any way for possible problems. As is true with the Deutsche mark or the Japanese yen, we can have a currency that stands up to the dollar because what determines its value is the rate of growth in productivity. And that is what we are achieving."

Brazil: BC Report on National Bank Fraud Disclosed

96SM0423A Sao Paulo FOLHA DE SAO PAULO
in Portuguese 5 Jul 96

[Article by Cari Rodrigues: "National Bank Deficit Totals R\$7.5 Billion"; introductory paragraph in boldface as published — received via Internet]

[FBIS Translated Text] Bank fraud—The BC [Central Bank] report filed with the court indicates that the

amount exceeds the initial estimate by 2.9 billion reais.

Brasilia—The deficit in owner's equity in the "worthless part" of the National Bank is up to 7.5 billion reais. That amount is 2.9 billion reais more than the amount estimated by the Central Bank when it decreed an RAET (Temporary Special Administration Regime) back on 11 November 1995.

The amount in question appears in the BC's final report, which was filed with the court in Minas Gerais yesterday. The document says that 25 former members of the bank's board of directors (during the period from 1990 to 1995) are liable for the loss.

FOLHA DE SAO PAULO has learned that the BC's final report charges reckless management (poor administration), foreign exchange fraud, and tax evasion. The final report consists of 84 volumes and 13,203 pages.

A deficit in owner's equity is the same thing as negative net worth—it means that selling all the assets would not cover all the debts.

Foreign Exchange Fraud

Operations with the National Credit Card indicate foreign exchange fraud, according to the BC's report. Analyzed in particular were remittances made between September and November 1995, the months nearest the date on which the RAET was decreed and that on which shareholding control of the "good part" was transferred to Unibanco.

The BC discovered that remittances abroad were made in amounts exceeding what was necessary. In other words, the amounts relating to charges contracted by the National Card's customers abroad were less than the actual remittances made by the National Bank. The investigating committee did not indicate the losses caused by those triangular operations for sending money abroad or the amounts moved to various countries by means of the National Card. It is stated that operations with the card did not follow the rules for payments abroad.

The National Bank also sold foreign currency at less than the market price. Only one bank is mentioned in the report as having participated in that operation, according to what FOLHA DE SAO PAULO has learned. That bank benefited from the operation.

Causes

The BC's investigating committee discovered last May that there was a negative net worth of 6.7 billion reais.

The fact that the loss had increased by 860.487 million reais by the time of the final report is due to the discovery of new amounts which had been left off the balance sheet to hide future losses—bad loans, for example. Most of the 2.2 billion reais omitted from the balance sheet was concentrated in the National Bank's final management period (from October 1994 to 18 November 1995).

The National Bank's negative net worth is caused mainly by "type 917" accounts, which total 5.3 billion reais.

Participating in that management period were Ana Lucia Catao de Magalhaes Pinto (President Fernando Henrique Cardoso's daughter-in-law) and three other members of the Magalhaes Pinto family: Marcos, Eduardo, and Fernando.

Clarimundo Sant'Anna, who is considered the brains behind the 652 fictitious accounts (the "917's"), was a member of the board of directors in the final period before the RAET.

All the former members of the National Bank's board of directors are charged with liability for the losses discovered at the bank.

The Magalhaes Pinto family's lawyer challenges the BC's data (see the separate article).

The documents in question will lead to a civil liability trial, and the property of the former board members is to be used to cover the bank's losses.

The National Bank received 5.898 billion reais from Proer [Program for Stimulating the Restructuring and Strengthening of the Financial System] to cover the transfer of its shareholding control to Unibanco.

Brazil: BC To Absorb National Bank Losses
96SM0423B Sao Paulo FOLHA DE SAO PAULO
in Portuguese 5 Jul 96

[Article by Cari Rodrigues: "BC To Absorb Loss" — received via Internet]

[FBIS Translated Text] Brasilia—The higher deficit in owners' equity at the National Bank is one more loss that will have to be absorbed by the Central Bank (BC). When a bank is under the BC's administration, it is the public's money that makes up the difference.

In other words, the loss that the BC will have to absorb is going to be reflected in its next balance sheets. During the first half of this year, the BC recorded a negative result of 504 million reais. The accumulated loss since 1994 totals 6.5 billion reais.

Proer

The government's outlays to help the banks began with the release of funds by Proer [Program for Stimulating the Restructuring and Strengthening of the Financial System] (the government's program for assistance at subsidized interest rates). At the same time that it releases money for the banks, the BC issues bonds to "soak up" the issue of currency. In so doing, the government increases its securities debt (in the form of bonds). The National Bank received 5.898 billion reais from the program to make its incorporation into Unibanco feasible.

The government had paid out 13.130 billion reais in Proer funds through June, according to unofficially announced data.

The total loans disbursed by the program as officially announced come to 12.777 billion reais.

The latest release, announced the day before yesterday, totals 100 million reais and is intended to allow Martinelli's incorporation into the Pontual Bank.

Fraud Began in 1987

1987: In a financial crisis, the National Bank began generating fictitious credit operations for the purpose of fabricating favorable operating results.

1990: Fictitious loans began predominating on the National Bank's balance sheet. They came to constitute 123 percent of the bank's net worth.

1992: The BC began an administrative procedure against the National Bank on suspicion that it was keeping two sets of books (with one set being used to defraud the tax authorities). Nothing was discovered.

November 1995: The government issued an MP [provisional measure] creating the assistance program for banks. Two weeks later, the BC intervened in the National Bank, sold its "good part" to Unibanco, and injected 5.898 billion reais into the "bad part."

February 1996: Information leaked out that the fictitious credit operations totaled 5.367 billion reais. Gustavo Loyola, president of the BC, said that FHC [Fernando Henrique Cardoso] had known about the fraud since October, but then retracted his statement.

March 1996: The government managed to prevent a CPI [congressional investigating committee] on banking from being appointed by Congress. The BC's directors testified before the Senate, but, alleging banking secrecy, did not provide details about the help given the National Bank.

May 1996: A BC investigating committee prepared its preliminary report. It reported that irregular loans constituted 75 percent of the National Bank's loans. The deficit came to 6.734 billion reais (the original estimate had been 4.6 billion reais).

July 1996: The BC's final report shows a deficit of 7.594 billion reais. The report will be turned over to the courts, and those responsible for the loss will have their property confiscated to cover the deficit.

Suspicious Raised Regarding National Bank

Reckless management—The manipulation of 652 fictitious accounts classified under the special code "type 917" is the main reason for the bankruptcy of the Magalhaes Pinto family's bank. Accounts closed by firms and individuals were kept open, with fake entries being made to help falsify the bank's balance sheet. Those operations totaled 5.367 billion reais.

Foreign exchange fraud—National Credit Card operations recorded amounts sent abroad that differed from the amounts actually paid by customers. The report by the Central Bank indicates a practice of sending foreign exchange abroad illegally.

The National Bank engaged in foreign exchange operations in which the value of foreign currencies was reduced, the alleged objective being to help other banks.

Operations involving remittances abroad were not reported to the Central Bank. Between 1993 and 1995, \$78.6 million left the country by way of CC-5 [Circular No. 5] accounts (accounts held in foreign countries by individuals or firms).

Tax evasion—The National Bank acted as middleman in effecting remittances to other banks. This can also be described as a tax crime because the banks used triangular operations to avoid paying taxes.

Brazil: Malan, Others Comment on Fraud

96SM0423C Sao Paulo FOLHA DE SAO PAULO
in Portuguese 5 Jul 96

[Unattributed article: "Comments: Other Side's Attorney Challenges Data" — received via Internet]

[FBIS Translated Text] "Last year the BC [Central Bank] filed about 500 complaints with the Public Prosecutor's Office. In 1993 and 1994 there were over 200. I cannot know exactly what happened to all of them" (Pedro Malan, 28 February 1996, commenting on the charge that he knew about the fraud at the National Bank). "The BC did not learn about the fraud until after temporary administration of the National Bank was decreed" (Gustavo Loyola, 5 May 1996, commenting on when the BC learned of the fraud).

"I regret that Dr. Loyola's memory is still betraying him, since he said he did not learn of the situation until October even though the situation was fully explained to him during his first week at the Central Bank in July" (Sergio Bermudes, attorney for the Magalhaes Pinto family, on 6 March 1996).

"Was Proer [Program for Stimulating the Restructuring and Strengthening of the Financial System] established for the National Bank? The answer is simple: no" (Gustavo Loyola, 5 March 1996).

Other Side's Attorney Comments

Sergio Bermudes, attorney for the Magalhaes Pinto family and most of the former members of the National Bank's board of directors, told FOLHA DE SAO PAULO yesterday that the figures included in the Central Bank's report as representing the deficit in owner's equity "are completely wrong."

He disagrees with all the figures reported by the BC, even the 6.7 billion reais reported as a loss in the preliminary report by the committee investigating the bank last May.

According to Bermudes, that amount was calculated on the basis of incorrect data.

"They included all the employees' stockholdings, some still in process, as a loss. Those amount to thousands of shares, and some of them may still be paid," the attorney said.

Bermudes said he could not analyze the new data in the final report.

Incompetence

"It is not the BC's job to indict for crimes. By doing so, it is giving one more proof of its incompetence. It is the Public Prosecutor's Office that indicts for crimes and the courts that try them," he said.

Concerning the indications of crime as reported by the BC in its final report, Bermudes said that since he was not familiar with the documents, he would make no "conjectures."

Chile

Chile: President Authorized To Extend Terms of Generals

PY1007012196 Santiago EL MERCURIO in Spanish
6 Jul 96 pp A1, A31

[FBIS Translated Excerpt] Defense Minister Edmundo Perez Yoma announced on 5 July that the incumbent administration will resort to the so-called "Canessa

Law," a legal regulation which empowers the president of the Republic to extend up to three years the official career of the officer who holds the position of deputy commander of any of the branches of the Armed Forces.

Perez Yoma explained that this law will be applied for extending the active duty of any of the four most senior generals of the class of 1958 for only one year. The possible candidates are [Army Deputy Commander] Guillermo Garin; Richard Quaas [chief of the General Staff]; Ramon Castro [military attache to the United States]; and [Army Inspector General] Jaime Concha, who must retire this coming September after being on active duty for 38 years.

Following a ceremony held at the Diego Portales Building to commemorate a new anniversary of the founding of the National Defense Staff, the defense minister pointed out that "most likely, one of the four generals will remain on active duty."

Perez Yoma contended that the Army needs a deputy commander due to the fact that it is a very large institution and General Augusto Pinochet [Army commander in chief] demands so. The minister said that a final decision on this issue may be made by the forthcoming August or September.

In response to a question about whether the president's prerogative would be applied to the case of Gen. Garin, Perez Yoma said that the Army deputy commander has done a great job, and so have "General Quaas or any of the most senior generals" adding that any one of them could be an excellent deputy commander in chief. "Who will be the chosen one?... That is something the president of the republic must decide," he observed. [passage omitted]

Chile: Minister Notes Benefits of Mercosur Tariff Cuts

PY1007011896 Santiago EL MERCURIO in Spanish
6 Jul 96 p B1

[FBIS Translated Text] As of 1 October, about 80 percent of Chilean exports to Mercosur [Common Market of the South] will enter that bloc with an average 3.2-percent tariff. This is the direct result of the agreement our country signed with Mercosur on 25 June, because had the negotiations failed Chilean exports would have had to pay an average of 8.2 percent in tariffs.

Also, as a complement, as of October 70 percent of the imports from Mercosur will enter our country with a 5.6-percent tariff, which represents almost half of the current 11 percent tariff.

Without a doubt, this important reciprocal tariff reduction for Chile and Mercosur will create a considerable expansion of bilateral trade.

Economy Minister Alvaro Garcia pointed out that the above figures show that the government conducted good negotiations with Mercosur. Garcia also valued the great benefit the agreement will create for Chilean consumers, who will be able to get less expensive goods due to the tariff reduction.

Chilean exporters will also be able to increase their sales to that bloc because as of 1 October, when the agreement goes into effect, almost 40 percent of Chilean products going to Mercosur will enjoy zero tariffs.

Garcia also emphasized that the agreement with Mercosur will especially be beneficial for the Chilean industrial and manufacturing companies. In fact, 54 percent of Chilean industrial exports to Mercosur will have their tariffs reduced to zero in the shortest period: eight years.

Furthermore, 38 percent of the industrial exports to this bloc will enjoy zero tariff when the agreement goes into effect.

Some of the Chilean products which will automatically enjoy tariff reductions are frozen salmon and shrimp, fresh kiwi fruit, iodine, sodium nitrate, pamphlets, newspapers, and publications.

The items that are included in the eight-year tariff reduction period include 40 percent of agro-industrial products and 43 percent of textiles and shoes.

Also, 75 percent of minerals and 64 percent of cellulose and papers will reach zero tariff in eight years.

Alvaro Garcia reported that Chilean exports to the Mercosur countries from 1990 to 1995 increased 150 percent.

Chile: Government Sets Legislative Priorities

96SM0407A Santiago EL MERCURIO in Spanish
4 Jun 96 p C3

[FBIS Translated Text] The executive branch has attached priority to 44 bills, 14 more than during the last special session, for the regular session of Congress that runs from 21 May to 18 September 1996.

President Eduardo Frei and the minister secretary general of the presidency, Genaro Arriagada, described the bills in detail yesterday for the president of the Senate, Sergio Diez (RN [National Renewal]), and the speaker of the Chamber of Deputies, Jaime Estevez (PS [Socialist Party]).

Around 20 of the bills submitted by the administration are in the third legislative stage or before joint committees; the feeling is that lawmakers could easily complete work on them over the next two months.

In addition, two laws that are currently being reviewed by the Constitutional Court are on the list of 44 priorities. One has to do with the legal system for public works concessions, and the other with the Armed Forces' health care system.

As the authorities indicated yesterday, the executive branch considered several factors in setting legislative priorities, one of which is to carry out the policies that the chief executive set forth in his 21 May speech.

Minister Arriagada clarified to this newspaper that the bills to spur the modernization of the country's production apparatus, such as the ones having to do with Emporchi [Port Enterprise of Chile] and the water-treatment companies, are among the most pivotal.

Others have to do with the government's modernization plan, among them the bill reforming the Civil Registry Law, the bill setting remuneration for personnel in the Public Works Ministry, the bill modifying the National Customs Service, and the bill concerning health care professionals.

Another important set of bills concerns the transformation of and support for agriculture, such as the system of quality certification and the farm commodities exchange.

At the close of the meeting with Frei, Sergio Diez asserted that an attempt would not be made to speed up Congress' work, which would detract from the quality of the studies that must be conducted for sound legislation. He indicated that they would seek to define which bills are true priorities so that they square with the executive branch's pressing needs.

He indicated that he has proposed to senators that they hold Thursday sessions; this issue will come up soon. "We are going to hold as many session hours as are necessary; there is unanimity in the Senate on this," he said.

The senator felt that priority should be given to bills on the modernization of the state and of infrastructure, and on social matters. Among others he mentioned the bills overhauling Emporchi, Customs, and the water-treatment companies.

For his part, Jaime Estevez acknowledged that the executive branch has the constitutional authority to attach priority to bills, but added that it is better to agree on a timetable for taking up the most important ones.

In addition, he stated that they would seek a commitment from the executive branch that the ministers "are going to go, are going to be present, are going to be available to work together with Congress, and we are going to concentrate on the issues to which they attach the highest priority."

New List

The new list drawn up by the executive branch attaches priority to a total of 21 bills, some of which are in the final legislative stage.

Twenty bills are before Congress, either far along in the Chamber of Deputies (four), in the Senate (10), or before joint committees (four), and as a result the authorities have submitted more bills than during the special session.

In making their selection, the authorities took into account that during its two years the Frei administration has submitted a total of 298 bills, 241 of which are in the legislative pipeline. Forty-nine preliminary bills are awaiting their turn in the Secretariat General of the Presidency.

Lawmakers will have to begin discussing the bills in accordance with the priorities that the administration sets week by week at its meetings with Coalition committees.

Nevertheless, some legislators feel that the National Congress' workload ought to be increased, as the president of the Senate indicated yesterday. According to the reports from the Chamber of Deputies Information Office, in 1995 it held 117 sessions in all and has held 12 so far in 1996. Last year the Senate met 95 times.

The bills on constitutional reforms that the Senate rejected in April and the bill on human rights were removed from the list. In contrast, the bills on forestry development, life annuities, affiliation, joint real estate ownership, and the Sence statute were retained.

Congressional Reasoning

One of the criticisms of Congress concerns how slowly it attends to bills, taking years at times. Diez clarified that one of the reasons is that the executive branch has submitted replacement bills in some cases, as with the native-forests bill.

He also asserted that lawmakers have a duty to listen to the various players in an issue, in other words, the country. He contended that the administration takes months to draft a bill, but the Senate, besides submitting suggestions, must receive every one that the administration decides to present on an issue.

"Some people forget that democracy operates at a different speed than authoritarian governments do," he argued.

As an example, Senator Diez said that the Chamber of Deputies cannot be asked to attend promptly to the reform of the Penal Procedure Code when it has not yet received the report from the Supreme Court, which must also look into the matter.

"How fast the bills are dealt with is not the issue. The changes have to be properly made. In the future we are not going to be asked whether we took three or six months to complete work on the native-forests bill. We are going to be judged by whether we did a good job if people can see forests or a bad job if they cannot," he said.

Legislative Priorities

Chamber of Deputies

- International Investment Funds, top priority
- Creation of Chiguayante community, top priority
- Amendment to General Fisheries Law, top priority
- Modernization of state-run port sector, top priority
- Urban toll roads, top priority
- Regulations on Neighborhood Boards, routine
- Organic Constitutional Law of Municipalities, top priority
- Statute for surgeons, routine

Senate

- Modernization of Customs Service, routine
- Public Works Ministry personnel, top priority
- Forestry development, top priority
- Creation of Hualpencillo community, top priority
- Civil Registry Service, routine
- Quality certification system, top priority
- Sunday holiday, top priority
- Overhaul of Copper Corporation, routine
- Nonteaching personnel in schools, top priority
- Municipal constitutional reform, top priority
- Legal system of water-treatment companies, routine

Joint Committees or Later Stages

- Amendments to hunting law, top priority
- Law on improved construction quality, top priority

Summary

Chamber of Deputies	8
Routine	2
Top priority	6
Senate	11
Routine	4
Top priority	7
Joint Committees or later stages	2
Routine	0
Top priority	2
Total	21
Routine	6
Top priority	15

Chile: Escalona Views Role of Military

96SM0407B Santiago EL MERCURIO in Spanish
16 Jun 96 p A2

[Commentary by Socialist Party President Camilo Escalona: "Civilians and the Military"]

[FBIS Translated Text] Any force that intends to help consolidate democracy and that wishes to avoid the tragedies of Chile's recent past has an obligation to promote a reconciliation between civilians and the military. In this regard, closing the gap between the left and the military is unquestionably of paramount importance.

The arrangements prior to the end of the Cold War are no longer of any use. Strategic thinking that has a national meaning and character and that also takes into account the globalization of the new world scene must emerge.

In order to benefit Chile as a whole, such an approach must reassess the mission of the state and bring together and coordinate the nation's entire intellectual, cultural, political, and social potential so as to give the country a direction and a national agenda that will distinguish and strengthen it so that our nation is not dragged into the process of cultural exhaustion that is inherent in neoliberalism.

This is no easy task. Over the course of this century the country has had experiences that must not be revisited. On the one hand, the 1920's were a time when men

in uniform emerged as a deliberative force, thereby immersing themselves in everyday politics. On the other, the period from 1933 to 1973 does not seem desirable as a "model" either, as this was a time when the military was confined to its barracks, which became a sort of watertight compartment divorced from the great challenges taken up by civil society.

In both cases, whether amid the heated debate of uniformed deliberative assemblies or in the solitude of the barracks, there were those who called on the military to intervene in everyday politics for the historically demonstrated purpose of manipulating it for petty or reckless objectives based on totalitarian designs.

The tragic events from 1973 until the restoration of democracy confirmed this once again.

The Armed Forces must join in our nation's undertakings with full respect for their professional, nondeliberative role. No manipulation in one direction or another is wise, neither to the right, nor to the center, nor to the left.

The country today is not the country it was in September 1973. Nor are the Armed Forces. The term "return" to the barracks may not only be mistaken but dangerous as well. As full institutional normalization moves forward, the confinement of military institutions to their units must not be allowed to become the seed of another divorce from civil society.

Nondeliberation does not annul the citizenship of our men in uniform, nor does it deprive them of it; citizenship is essential to their status as men in arms, and to the existence of a military force that can fulfill its deterrent role in national defense while respecting the rule of law and national development under democracy.

To be sure, their status as fundamental institutions of the state cannot be understood, either by civilians or men in uniform, in a messianic sense that defines them as the ultimate, exclusive synthesis of our homeland's moral reserves. Such a view leads military personnel to demand and assign themselves a role above the state, the legitimacy of which ultimately flows from God or providence.

Many of the grave mistakes that have rent the fabric of our national coexistence could have been avoided if an objective, nonfundamentalist, nonfanatic, lay vision of the military's mission had prevailed. Since the Armed Forces have a monopoly on the use of force, they assume essential obligations that arise from this function. The virtues of the soldier include, in a manner inherent to his mission, nondeliberation and professionalism that respects the rule of law unconditionally.

Likewise, much grief could have been avoided if civilians had had a broader historic view, which would have prevented the confrontation from intensifying to the point that a political solution to the country's crisis became impossible, and prevented our institutions from breaking down and democracy from collapsing.

In keeping with our national interest, civilians and the military must obviously develop a strategic view aimed not only at reconciliation but also at a common destiny based on respect for the democratic rule of law, buttressed by full deference to the sovereignty of the people and to the possibility of different parties taking power.

Chile is entering the 21st century. Our fallen belong to the very soul of the nation. Nothing can wrench them from there. Let us accept the pain and the hope, the clear memory of our history, and a visionary proposal for the future by building the trust that means developing our national potential for the benefit of all. Let us combine freedom and equality, the modern and the popular, civilian and military in a national agenda that is in its essence democratic, deeply freedom-loving, based on solidarity, tolerant, pluralist, transforming, and authentically Chilean.

[Signed] Camilo Escalona Medina, president of the Socialist Party of Chile

Colombia

Colombia: Samper Comments on Support, Ties With U.S.

PA0907163396 Caracas Venevision Television Network in Spanish 1030 GMT 8 Jul 96

[Interview with President Ernesto Samper Pizano by reporter Carlos Fernandez at Narino Palace in Santa Fe de Bogota; date not given; from the "24 Hours" newscast — recorded]

[FBIS Translated Text] [Fernandez] The introduction does not necessarily have to be very lengthy, but we must introduce certain elements of reference that will help develop this interview with President Ernesto Samper Pizano.

The number of conjectures about the situation through which Colombia is going has grown. Some talk of the fragility of the Samper administration. There is some talk about the little consistency the Samper administration reportedly has. There is talk about the possibility that Colombia may become ungovernable; thus, conjectures and hypotheses are growing with time. In this regard, we would like to know what Ernesto Samper thinks is going to happen, given he is the protagonist

of this situation? At the same time, we, Latin Americans, know that a sensitive and delicate balance exists with bilateral relations between the United States and Colombia. In sum, the first question would be is Colombia beginning to support its president?

[Samper] You were talking too much about the government's foes. The government is fine. The conditions for governability exist. The government's approval rating exceeds 50 percent now. We have the full support of the Armed Forces. The economy is overcoming its difficulties. I believe the chapter through which we have just gone is just another terrible chapter of what we could call the sad history of Colombia's struggle against drug trafficking.

Things are, fortunately, looking up at this time.

[Fernandez] Is this a fantasy? Is what you just said an objective reality?

[Samper] You are talking with the president of the republic, the best informed person in the country. Speaking to you truthfully, I believe things are looking up. We are experiencing difficulties, have just left the operation room in one of the most delicate operations the Colombian institutional system has ever undergone. We are in intensive care but are fast headed for the recovery room.

[Fernandez] You spoke of a vigorous opposition, which is persevering in its confrontation with the government in one way or another. There are other factors within Colombian society that are militating against you or are [words indistinct] regarding your government's actions, the Catholic Church, for instance.

[Samper] What is the church? Because the church is not the bishops or just a few.

[Fernandez] The Bishops Conference has issued a document....

[Samper, interrupting] Two or three bishops are the ones who are heading this affair. I can assure you that ...

[Fernandez, interrupting] Do they have a special interest?

[Samper] No, no. I hope they have a divine interest. The truth is that what we can call the grassroots of the Catholic Church—that is, Catholics, Christians—supports the government the most.

[Fernandez] What goes through your mind whenever the inconsistency of the Samper administration to be able to continue performing the functions of this post is mentioned?

[Samper] I suppose that means the inconsistency about what my opponents feel the government must do.

Because I and not them was the one elected to be president, that makes me feel I am totally consistent from a democratic standpoint.

[Fernandez] What do you think when distinguished individuals who are prominent not just at home but abroad insist the government is fragile and even talk of projections of violence in the future?

[Samper] Do you think a weak government could have survived as mine did one year of slanders, attacks, and all kinds of judicial, political, and public order situations? Only a strong government, as a strong patient, can overcome what my government overcame this past year.

[Fernandez] As for public opinion in Colombia—and I imagine that your answer will be affirmative and that you will certainly speak to me about the favorable surveys—some feel otherwise and that that support and popularity President Samper enjoyed at one point has been eroding slowly.

[Samper] [Words indistinct] to think based on my wishes, but the truth is the surveys have indicated—and one must believe surveys—that over time, that first, people became convinced of the president's innocence and second, convinced of the kinds of foes with whom we are dealing, and this has been giving the president a margin of trust.

[Fernandez] Some people say.... [pauses] This situation even can be compared to those in other Latin American countries. This term also has been used in Venezuela, but there are people in Colombia who speak of a society of accomplices about the debate and controversy surrounding your case.

[Samper] This question would be a good one for opposition members [words indistinct] complicity around the conspiracy against the government. I believe this would be a good question for them.

[Fernandez] And when there is talk, for instance, of corruption, moral [words indistinct] inconsistency, because this is a term to which we have listened while following up the situation of Colombia and conversations with people here. What do you think? Do you think the Colombian people will permanently support you?

[Samper] I would rather offer them a deal. If any of my cabinet ministers is shown to have real ties with drug trafficking, I will proceed to dismiss the entire cabinet.

[Fernandez] Do you think you will get to August of 1998?

[Samper] I do not think so. I am certain of it.

[Fernandez] Don't you perhaps feel that the ground, as we say [words indistinct] under you is beginning to move?

[Samper] More than what it moved [words indistinct] on moving foundations.

[Fernandez] Do you know why I asked this question? Because there are some people who say we are beginning the second stage of the worsening of the crisis of Colombia.

[Samper] No. The truth is that the crisis has not ended yet. We are experiencing the aftershocks of the crisis, but it was resolved without affecting the institutions. This is what pleases me most. The prosecutors conducted their investigations, the judges ruled, Congress continued to legislate, the government never stopped; therefore, we have demonstrated before the world that Colombia has a very strong democracy.

[Fernandez] The Colombian Prosecutor General's Office now seems to maintain a persevering position. It wants to continue investigating, wants to continue furthering other issues that may be linked to the case of the alleged financing of your campaign by drug trafficking.

[Samper] I hope that they do not do this or that they have more success than they have had so far if they do so. The truth is that not one piece of evidence, one document has been presented in this case compromising my conduct, and there cannot be one, because it does not exist.

[Fernandez] I want to revisit an old issue that is also part of [words indistinct] of some people, not only those who oppose you internally but those who may oppose you abroad: violence. Has a ghost been created around this issue or may an additional situation be generated?

[Samper] No. Colombia is a violent country, and I [words indistinct]. In this country, we have more violent deaths than any other country in the world. This problem is one of the many we are experiencing. We must concentrate harder on eradicating violence, which is, undoubtedly, our most serious problem.

[Fernandez] Let's move to another issue, a more sensitive one: bilateral relations with the United States at this time. I imagine you know this topic very well.

A series of hypotheses and suppositions has been established. There has been talk of a military presence with the deliberate and firm intention from the U.S. Government [words indistinct] Colombia this way, but what may happen in the end?

[Samper] There is much more hysteria than history in that situation. Colombia obviously maintains very important relations with the United States. It is our

largest commercial partner, followed by Venezuela. Obviously, with an issue as complex and sensitive as drug trafficking, the relations between Colombia and the United States are not easy. Relations have not been and will not be easy, but we have an indissoluble marriage. It is a marriage to confront drug trafficking jointly.

[Fernandez] The U.S. Government has made, however, a number of warnings I believe are not a fuss, but they could translate into tangible, clear-cut actions. What is your opinion in this regard....

[Samper, interrupting] [Words indistinct].

[Fernandez, interrupting] commercial, for instance, for Colombia....

[Samper, interrupting] Who would benefit from commercial sanctions? Drug traffickers would. The reason is that we grow flowers, bananas, and coffee, which provide some commercial benefits, in these areas, today. Cocaine alone will be sown in these areas if these crops are destroyed tomorrow. In my opinion, this decision would not only be unfair but also wrong, because it would go against the Colombian people.

[Fernandez] We can observe, however, that Americans believe the Colombian Government has taken an irreverent position in response to the statements the United States has made.

[Samper] We should be neither reverent nor irreverent before anyone. We have a country that constitutes a state of law with a legal system. We have a policy for an overall fight against drugs. As a country, we expect the same treatment and respect we display toward any other country.

[Fernandez] Do you think your image becomes stronger as the result of the position the United States upholds against your government before the world's eyes?

[Samper] Yes, to some degree, because [words indistinct] it is because aggressive attitudes against Colombia or any other country necessarily generate—and history proves this point—feelings that are actually addressed against those who are the nation's representatives. I represent this nation now.

[Fernandez] Would you agree with the Colombian Foreign Ministry's recent communique that an anti-U.S. feeling now exists or is being generated in Colombia?

[Samper] Yes, and I say so with concern, because this country has been friendly with the United States. We have never been like other Latin American countries that use the anti-U.S. feeling as an innate feeling for political or electoral purposes. Colombia has never used this argument! Unfortunately, some [words indistinct].

[Fernandez] In view of these U.S. warnings, have you received the support of other Latin American countries?

[Samper] Of course. Presidents from Latin America and elsewhere in the world have expressed their support. Colombia now holds the presidency of the Nonaligned Movement. We have received overwhelming support.

[Fernandez] What do the heads of state tell you?

[Samper] Deep inside, many feel it may happen like in the wolf's tale. If this happens to Colombia, it may also happen in their case.

[Fernandez] What do you think of the fact that the U.S. Government insists on stating that the Samper government has little credibility?

[Samper] This is absolutely unfair. Its motivation must be beyond reality. This simply could be motivated by an electoral objective.

[Fernandez] And as an anecdote, the case of Elizabeth Montoya is brought up....

[Samper, interrupting] No [words indistinct]....

[Fernandez, interrupting] a famous photograph.

[Samper] This photograph was retouched, as you well know. It will endlessly continue to be brought up, but I have a theory. Conviction, instead of coercion, has been the reason for what Colombia has done and has continued to do to fight drug trafficking; therefore, we do not need for anyone to believe Colombia should be forced to do anything. We have a policy and procedures we are enforcing and we will continue with which to comply. No other country in the world has paid such a high price as Colombia has in the form of economic conditions and the loss of lives as the result of narco-terrorism and drug trafficking. No one in the world can say Colombians are doing nothing against drug trafficking.

To quote some figures, in this country 4,200 policemen have been killed, and more than 70 journalists, three presidential candidates, and 950 judges have lost their lives. These figures are startling ones that constitute evidence of the cost this country has paid; therefore, no one is justified to believe Colombia is doing nothing against drug trafficking.

[Fernandez] [Words indistinct] fight against drug trafficking?

[Samper] Of course, because it is thought that drug trafficking constitutes a problem involving drug-producing countries when the truth is that if there was no drug consumption, there would never be the problem of a drug demand.

[Fernandez] Do you really believe none of your aides were involved in drug trafficking?

[Samper] I have the absolute conviction of their innocence unless they themselves demonstrate the opposite, as has happened in a couple of cases. In that case, I have to believe them.

[Fernandez] In the case of people linked to your party, the Liberal Party, and its organization?

[Samper] It is very difficult in this country to say no one has had anything to do with the drug trafficking issue, because we have been coexisting with this problem for 15 years, and history shows that the main actors of drug and weapons trafficking always try to buy people. We encounter infiltration efforts from them.

[Fernandez] This means they have knocked on the doors of Narino Palace?

[Samper] I did not hear them if they have knocked, and I would have taken them directly to jail if I had.

[Fernandez] Hearing all these commentaries, I believe you persevere despite the very severe and frequent attacks on your government. Do you think you will be able to get through this one and overcome all obstacles?

[Samper] Of course, because I am moved by two fundamental forces. First, I personally know I am innocent, and I am moved by Colombia's honor.

[Fernandez] As for extradition, a recurring issue, the debate has been recurring in the past few days. Some people who were opposed to it now are beginning to make their position more flexible, more elastic. What do you think?

[Samper] This discussion is one that may take place and [words indistinct]....

[Fernandez, interrupting] There is this matter of deadlines that will be set or they will otherwise adopt more serious measures.

[Samper] The Constitution sets deadlines. The law sets deadlines, as in any legal state. This is not a matter of anyone setting a deadline because that deadline capriciously serves them. We have goals, and goals will be met in the deadline the Constitution and law establish.

[Fernandez] Vice President Humberto de la Calle has said you have to assume political responsibility. Do you agree?

[Samper] Political responsibility starts with a government that has captured the Cali Cartel, that has them in prison, that is [word indistinct], that has eradicated

50 percent of the hectares with illegal plants, that has seized the largest amount of chemical components in the history of mankind. Can a government that can exhibit these great achievements against drug trafficking be accused of having any kind of relations with those people?

[Fernandez] How do you think that things could improve and that the political, economic, social, and moral situation of Colombia could get better?

[Samper] The government should be allowed to work. The government has made proposals Colombians are beginning to accept and are reaching the poorest sectors, which was my initial goal. Second, let the people work for reconciliation to approve the measures I have proposed to fight drug trafficking and subversion, two big problems.

[Fernandez] [Words indistinct]

[Samper] As the saying goes, if we are hit on the knee in Colombia, your feet rise in Venezuela, and third, to acknowledge the fact that Colombia has the right to manage its affairs.

[Fernandez] This means a fresh start?

[Samper] No. This means, in catechismal terms—you have studied the catechism, haven't you—making an act of contrition, of national contrition for social betterment.

[Fernandez] There are still many who doubt President Samper's word.

[Samper] They are less and less every day.

[Fernandez] How much have these events hurt Colombia internationally?

[Samper] As has happened with all the events related to drug trafficking, the bombs, the paramilitary groups financed by drug trafficking, this has been our damnation and is with us everywhere in the world.

[Fernandez] And even then you can overcome this situation?

[Samper] Yes, because the international community understands that we Colombians are not the executioners but, rather, the victims of the drug problem.

[Fernandez] As for the drug problem and ties with Venezuela, the problems existing in bilateral talks, we will not have time, of course, to discuss bilateral ties between Colombia and Venezuela, but there is a common link that permits the exposing of problems from the two sides. There are doubts sometimes that solutions can be found.

[Samper] No. The problems of Colombia and Venezuela—the economies, institutional systems,

border systems—are like sponges. It is inevitable that a drop of water on one side will pass to the other side of the border, and vice versa. We understand that this enemy is a common one we must fight as we have been doing, and we are getting to that. There are rhetorics, but there is much more uniting us than things that could eventually force a confrontation.

[Fernandez] Do you think you are reaching the Colombian community that lives in Venezuela, which is large?

[Samper] I think so. They know they have the solidarity of their president. I know they are happy in Venezuela, but my aspiration is that no Colombian may have to live outside, that they may live in their country like the Israelis who returned to their land.

[Fernandez] I am referring to the problem that has emerged because of all the adjectives qualifying the Samper administration.

[Samper] I believe the Colombians are used to this sign, the sign of drugs, on their forehead, but we are not going to get used to that. This makes Colombians more courageous, makes them defend and love their country more. No one who lives abroad loves his fatherland more than Colombians. Ask around.

[Fernandez] Yes, I know.

[Samper] Offer them yucca and some rum, and you will see them cry.

Colombia: Envoy Assesses U.S. Ambassador's Memorandum

PA0907234796 Santa Fe de Bogota EL
ESPECTADOR in Spanish 2 Jul 96 p 6A

[All quotation marks as published]

[FBIS Translated Text] Colombian Charge d'Affaires to the United States Mauricio Echeverri has evaluated U.S. Ambassador Myles Frechette's memorandum that questions Colombian Government strategies to fight drug trafficking.

The following is the text of the communique, referring to Frechette's document: "Regarding the existence of the memorandum, I believe Ambassador Frechette has a right and duty as a State Department official to produce analysis documents on the internal policies of the country to which he is posted, for internal consumer use by the government he represents. Every diplomatic mission of every country in the world must, in addition to the merely diplomatic duties, analyze the internal policies of the host country, as another duty, which plays an important role in international relations.

Regarding the actual content of the memorandum released by the press, I must comment that it reveals a concept of bilateral relations quite different from that held by this embassy [not further identified]. If the document is authentic, it would seem to develop the hypothesis of the use of threats and political pressure as a premise for cooperation, while Colombia has been endorsing the use of dialogue as a basis for cooperation. From our contacts with high-ranking U.S. officials, including Ambassador Frechette, we are able to deduce that this focus on dialogue is being seriously analyzed by the U.S. Government."

Colombia: Columnist Foresees Break in Ties With U.S.

PA1007041896 Santa Fe de Bogota SEMANA
in Spanish 9-16 Jul 96

[Article by columnist Roberto Pombo: "The Big Crash"
— received via Internet]

[FBIS Translated Text] A break of relations with the United States appears inevitable. Every single public speech by officials from here and from over there reduces the distance that exists between an argument and a fight. This is why we have to start analyzing what is valid on either side and to imagine, why not, what our world will be without them.

The catalog of U.S. demands published eight days ago by SEMANA lists all sort of things.

To begin with, the extradition, something on which Colombia cannot yield. It is true that drug trafficking is an international crime, and it is also true that extradition is the only mechanism the drug traffickers fear. It is also true that nonextradition was introduced in the Constitution under pressure from narcoterrorism, and it is clear that the absurd penalties system the country has for punishing very grave crimes makes all anti-drug policies appear ridiculous.

But a weak policy is no reason for a country surrendering its principles. The government has to quickly create a decent penalties regime and guarantee that sentences will not continue being a way of laundering huge fortunes built over assassinations.

It is not crazy to think that it is possible to extradite nationals without a record in Colombia but who may be wanted in other countries, or to think that once a criminal serves a sentence here he may be sent abroad to face other processes. What does not make sense is to assume as an international law principle that a foreign law is more valid than ours.

The United States is right on one thing: that as things are now, Colombia is not a trustworthy place for judging drug traffickers.

The gringos are right in asking the government that the package of measures against drug trafficking be approved by Congress and not be defeated, afterwards, by a court. It is known these are separate branches and that under normal conditions the separation-of-authority argument would be enough justification to get out of the problem.

But because of the discredit of President Samper and Colombia, the government must give its word that its influence over the other two branches of the state is such that it can commit itself to the final results of the process.

It is also logical that U.S. ships should be able to intercept ships with drugs and detain drug traffickers beyond the 12-mile limit and take them to the United States and process them. A person grabbed red-handed with merchandise heading north cannot expect any other treatment.

However, it is not right for the United States to take advantage of the thrust given to the drug-trafficking issue and of the weakness of its interlocutor to mix this matter with demands that Colombia renounce to its banana agreements with the European Union, or with discussions on Colombia's protectionist measures, the environment, and intellectual property.

There are specific spaces for discussing this and Colombia has to stand firm in differentiating these spaces.

Despite the fact that the United States is immersed to the core in our domestic affairs, it would be a big error for the government to wield the tricolor flag to face, with nationalism, the foreign meddling, but this is the attitude that the latest speeches by high government officials reveal.

What we have to do is realize that the world will not value our efforts against drug trafficking because of those who have died in the struggle or the tons of drugs that have been seized. The assessment will be made with basis on what Colombia may do again and as of today and in this assessment we are starting from zero.

I am skeptic about this process developing well. The government apparently is on a free-fall without breaks in its confrontation with the United States and the crash appears inevitable. All that we, the powerless passengers, can do now is to follow the recommendations, stewardesses make when there is an airplane emergency: buckle your seat belts, hold your heads, and pray.

Colombia: Valdivieso Supports Deputy Prosecutor General

PA0907235996 Santa Fe de Bogota EL TIEMPO
in Spanish 8 Jul 96

[Received via Internet]

[FBIS Translated Text] Barranquilla — Prosecutor General Alfonso Valdivieso Sarmiento yesterday supported the position taken by Deputy Prosecutor General Adolfo Salamanca with regard to Case 8,000 and said he has never considered the possibility of requesting his resignation.

Salamanca has strongly questioned the trial held by the Chamber of Representatives against President Ernesto Samper for the infiltration of money from drug trafficking into his political campaign.

In a statement for the Caracol radio network in this city, Valdivieso rejected comments describing the Prosecutor General's Office as a loose cannon. "This is an insidious remark. On the contrary, there is harmony in the work we are doing."

Valdivieso made that statement in Barranquilla minutes before heading to the "Roberto Melendez" Metropolitan Stadium to watch a soccer game between Colombia and Uruguay.

Valdivieso said that Salamanca's remarks have prompted a reaction that not only shows that there is a problem regarding the position he assumed, but also what Congress could eventually do, which is worrisome.

According to Valdivieso, Congress is reportedly trying to undermine the Prosecutor General's Office ability to act, based on statements made by Senate President Julio Cesar Guerra Tulena.

Finally, Valdivieso stressed that he has never contemplated the possibility of requesting Salamanca's resignation. "Whatever is said in that sense is purely a tendentious fabrication," he stressed.

Colombia: Congress Views Reforms in Prosecutor's Office

PA0907235396 Santa Fe de Bogota Inravisión
Television Cadena 1 in Spanish 1730 GMT 8 Jul 96

[From the "National Newscast"; monitored from live relay by Lima Sistema Unido de Retransmisión Televisión]

[FBIS Translated Text] The confrontation between Congress and the Prosecutor General's Office has plenty of background. In addition to the objections by the Sen-

ate president, there is also discontent in the Chamber of Representatives. This was gleaned by the "National Newscast" upon learning of the dissenting vote by several members of parliament in Samper's case. There is reason to believe that reforms to the Prosecutor General's Office are one of the main topics for the next legislative session.

At least 80 Chamber of Representatives members favor reforms to the Prosecutor General's Office in order to bring it back into line.

[Begin Representative Julio Bahamon recording] Because it has gotten out of hand. The Prosecutor General's Office has become the Torquemada of Congress, disregarding the natural rulings of a judge, in this case that of the Chamber of Representatives in connection with the trial of the president of the Republic. [end recording]

This position, which received broad support, appears in the clarification of the acquittal vote to President Samper presented by Bahamon, Targino Pacheco, Marta Catalina Daniels, and Jorge Tadeo Lozano.

For example, 30 representatives supported this text by Targino Pacheco: The Prosecutor General's Office should be an institution that serves to preserve social harmony through impartial procedural rulings. The idea becomes frightening that this justice becomes deceitful and degraded through the passionate notion of using the juridical branch to reach political goals.

There are those who believe, nevertheless, that reforming the Prosecutor General's Office is a suspicious move.

[Begin recording] [Representative Viviane Morales] That would be seen as a sort of political retaliation by Congress.

[Representative Mario Rincon] I believe it is not convenient to make any reforms that will cutback its duties. [end recording]

The basic idea is to cut back the autonomy of the post of the prosecutor general.

Colombia: Defense Minister Endorses Court Ruling on Zones

PA0907235596 Santa Fe de Bogota EL TIEMPO
in Spanish 6 Jul 96

[Received via Internet]

[FBIS Translated Text] Yesterday, Defense Minister Juan Carlos Esguerra said the Constitutional Court's ruling on the special public order zones is "increasingly favorable" to the fight against criminal organizations.

Esguerra noted this ruling "is positive because it preserved the special public order zones concept, which is perfectly constitutional, and falls within our legal framework."

Esguerra told EL TIEMPO that the Court's decision "allows us to continue using the measures specified in the decree, because the Court was very specific with regard to what it declared unconstitutional."

The Defense Minister explained that in the future the governor will not have to wait for a military unit commander to request the establishment of a special public order zone.

"The Court has correctly increased the governors' range of actions. Nonetheless, military commanders may suggest the establishment of those areas. And collaboration between the two can continue," pointed out Esguerra.

Until today only the following regions have been granted special zone status: Caqueta, Guaviare, Vichada, Meta, and Vaupes; the municipalities of Remedios and Segovia in northeastern Antioquia; and the banana-producing axis of Uraba-Apartado, Turbo, Chigorodo, and Carepa.

Esguerra shared the Court's opinion that only the judges can impose sanctions and fines on those who violate the special rules. He admitted, however, that such actions imply bothersome proceedings.

The Court believes an arraignment process is needed in order to punish any decree violator. The contrary would violate the Constitution.

According to the government, the motive behind the creation of the special zones is to prevent guerrilla actions. The government's decision took place following the massacre of 31 military men in Puerres (Narino) by the FARC (Revolutionary Armed Forces of Colombia).

The decree defines the special public order zones as those areas of the country where outlaw organizations or groups have altered security and the coexistence of those living there, and therefore, control measures are needed.

In these special zones the rights to move about freely and to choose one's place of residence are restricted. The authorities can impose curfews, prohibit transit in certain roads, erect military roadblocks, require safe-conducts to move about, and they may register any movement of people outside the municipal capital.

The military commander will have the prerogative to cancel any permits for carrying firearms.

The governor and the military commander will guarantee transportation services, and ensure that commercial establishments that sell basic consumer goods remain open.

Colombia: Authorities Uncover Cocaine Labs, Gun Running

PA1007000696 Santa Fe de Bogota EL TIEMPO
in Spanish 7 Jul 96

[Received via Internet]

[FBIS Translated Text] The dismantling of nine cocaine laboratories and a gun-running network are the result of operations carried out in three of the country's departments.

In Bucaramanga and Cucuta, the Army destroyed nine narcotics laboratories, captured five people, and seized one tonne of cocaine. The laboratories were destroyed in Tibu (Norte de Santander) by the Army's Maza Mechanized Group, as part of operation "Labrador."

The soldiers seized 700 gallons of gasoline with coca leaves, 100 gallons of coca juice [zumo], 600 kg of cocaine scrapings, 29 cultivated acres, 3,070 gallons of gasoline, 1,250 bags of cement, and 54 gallons of sulfuric acid.

In Bucaramanga, the DAS [Administrative Department of Security], seized one tonne of cocaine in a garage in the Comuneros neighborhood, to the city's north. The drug was pressed into one-kg packages.

Meanwhile, in Medellin, the police and the Prosecutor General's Office dismantled an organization involved in gun-running operations in five departments, captured five members of a car theft gang, and arrested the alleged boss of one of the city's most dangerous armed groups. Those under detention were identified as Jose Fernando Ferman, 25; Nicolas Lorenzo Cueso, 21; Jhon Fredy, 21; Bernardo Valencia Giraldo, 31; and Juan Manuel Aristizabal, 22. Likewise, Hernan Gonzalez Ringo, 33, who is believed to head La Terraza gang, was detained.

Colombia: 'Miki' Ramirez' 'Bunker,' Fortune Revealed

PA1007031396 Santa Fe de Bogota EL TIEMPO
in Spanish 7 Jul 96

[Received via Internet]

[FBIS Translated Text] Luis Enrique "Miki" Ramirez is the owner of a bunker, which was built by the Israeli who also built the top security prisons at Itagui and Envigado, a farm with its own landing strip, and over

100 shops specializing in the sale of contraband or weapons.

The authorities believe that in view of the possible collapse of the Medellin and Cali cartels, "Miki" reorganized the drug market, and silently became one of the country's main drug traffickers.

In fact, a specialized police group is currently after a submarine, which according to intelligence reports and several witnesses, is being loaded with cocaine off the shores of La Guajira and is heading for the high seas to supply drug to the European market.

This submarine is reportedly one item of the vast and incalculable fortune of this drug trafficker who was arrested on 12 June in northern Santa Fe de Bogota at a bunker built by the Israeli who also built the maximum security pavilions at Itagui and Envigado Prisons.

According to documents seized by the police in the last 29 raids, "Miki" Ramirez owns a farm valued at more than 50 billion pesos, an air fleet, more than 100 shops and warehouses specializing in the sale of contraband or weapons, housing developments, apartments, and homes all over the country, and even tomb 101 at Jardines de Paz Cemetery.

This wealth discovered by the authorities led a faceless prosecutor this week to order his arrest without bail under the charges of drug trafficking and association with criminal intent.

Based on police documents and the account of two intelligence officers, who pursued and captured "Miki" Ramirez, EL TIEMPO was able to piece together parts of the life of the suspected Costa cartel leader.

The Beginning

According to the police, "Miki" "has been involved in drug trafficking for as long as" brothers Miguel and Gilberto Rodriguez Orejuela.

"Gonzalo Rodriguez Gacha 'El Mexicano' introduced this hometown butcher into the mafia world. An officer said he was involved in criminal activities in mid-1985 in Amazonas, Caqueta, Putumayo, and the Atlantic Coast along with his brothers Francisco Ramirez, alias Neneco," and Oscar Vallejo Ramirez, alias "El Loco."

A personal fleet of 15 Cessna 206 and King 200-300 planes supported his cocaine trafficking operations.

He later became part of the so-called commercial wing of the Medellin cartel due to his ability to control each member group. But after 9 July 1992, when Pablo Escobar sought to exterminate the Moncadas and the Galeano, Ramirez started to clash with the chief of the Medellin cartel, and thus, he went to the authorities,

according to him, "to help capture the narcoterrorist and his men, and to dismantle his organization."

In late 1993, however, the police discovered that Ramirez was importing cement and gasoline from Brazil to produce coca base in laboratories of Caqueta and the eastern flats.

Following Escobar's death, Ramirez used his knowledge of the movements, business, and persons that made up Escobar's drug trafficking network, to establish himself as the main exporter of this drug, along with the Cali cartel.

An intelligence officer reported that "we discovered that Ramirez was sending drug from here to Buenaventura and then to U.S. markets. Another route reached La Guajira, and according to several intelligence reports, drug was loaded there on a submarine that headed for the high seas to supply the European market."

Little San Andres

The most recent police operation carried out this week allowed the authorities to identify Liborio Baquero and Luis Antonio Rincon Gomez as "Miki's" two main front men.

Acting Police Director General Luis Enrique Montenegro Rincon stated that "dozens of 200 million peso drawings were made in favor of Liborio Baquero. He also handled bank accounts under the name of "Miki" for 1.6 billion pesos."

The officer added that Rincon also appeared as the owner of most shops specializing in the sale of contraband or weapons located in Santa Fe de Bogota. "Accounting records that were seized confirm this," he noted.

The documents show that they own more than 100 shops, 40 warehouses, and 89 other properties. It also indicates the shops located on 38th Street alone, are worth 1.278 billion pesos.

The Farm With a Landing Strip

The fortune that Ramirez managed to amass by processing and trafficking with drugs allowed him to build his own economic empire that is currently worth, according to an initial estimate made by police experts, over 150 billion pesos.

Among his properties the one that stands out is the estate "Frutas Tropicales." It is located in a rural zone of Zambrano, which is between the Departments of Bolivar and Magdalena, and is valued at over 50 billion pesos.

This is no ordinary estate. Besides having extensive plantations of mango and other fruits, as well as several

thousand head of cattle, it has a security system only matched by those found in a military garrison.

The estate has a landing strip that meets international norms for operating small and medium-sized planes. "It is a modern and safe private airport that has its own navigation system. This allowed 'Miki' to use his small fleet of planes, including his Super King-300, any time he wanted," said an intelligence officer.

The entire property is protected by modern electrical systems, several well-guarded and strategically placed sentry boxes, closed-circuit TV cameras that can detect an intruder 300 meters away, and safety doors that can only be opened with personalized cards.

"In addition, it has a well-armed security team with machine guns, carbines, rifles, pistols, and other automatic weapons, all of which have safe-conducts. In making their rounds, they moved about in jeeps and powerful motorcycles," pointed out the officer.

This is not the only estate "Miki" has in Zambrano. He also owns the estate "La Esmeralda," worth 7.317 billion pesos, and the estate "El Hacha," with a commercial value of 13 billion pesos.

In this zone, "Miki" won the favor of the people by building local aqueducts in Zambrano and other neighboring municipalities.

Maximum Security

Located at 22A avenue and 105th street in Bogota, "Miki's" residence resembles a bunker. He was captured there on the evening of 12 June.

The house is protected by the strongest armor plate in the world. It has an outdoor electrical protection system and a closed-circuit TV system that detects any movement on the street.

For even greater safety "Miki" also bought the house next door where he kept eight of his bodyguards. In addition, a guard was posted on each street corner of the block to report over the radio the license plates of all cars passing by this exclusive residential zone.

Intelligence officers managed to place cameras near the bunker and gathered precise information on Ramirez's every move, as well as those of his lawyers, partners, and his family.

The surveillance led to a chicken grill, near the house, where "Miki" and his front men and associates used to meet.

"While 'Miki' and his men ate chicken and negotiated new cocaine shipments, someone from intelligence

would roam around the room listening to all the details of their conversation," said the officer.

Protection

"Miki" Ramirez created a private surveillance company for his own protection and that of his properties.

"There were close to 350 men, all of them with short to long-range weapons. They have all scattered around because nobody will pay them and they know the police is after them," pointed out the officer.

Besides, in order to avoid any action by the authorities, Ramirez was advised by a team of lawyers, and he created an organization of front men. "The lawyers themselves served as front men and messengers," said the officer.

For the time being, the Prosecutor General's Office is trying to establish the size of "Miki's" fortune to compare it with the figure he declared at the time of his first surrender agreement in the times of Gustavo de Greiff. If the numbers do not match, another investigation for illicit enrichment against him could be initiated.

Ecuador

Ecuador: Bucaram Cabinet To Be Announced 12 Jul

PY1007001996 Quito Voz de Los Andes in Spanish
2300 GMT 9 Jul 96

[FBIS Translated Text] Vice President-elect Rosalia Arteaga has stated that the new presidential cabinet will be released on Friday, 12 July, and that this cabinet will accompany them during the next four years of government.

Arteaga also announced that Bucaram and herself will probably travel to the United States before 10 August to meet with U.S. officials to discuss the peace process with Peru.

Arteaga this morning met with U.S. Ambassador to Ecuador Peter Romero who told Arteaga that his government will support Bucaram, and that the presidential elections had been open.

[Begin recording] [Unidentified reporter] What have you discussed with the U.S. ambassador?

[Arteaga] Well, we do not rule out a possible visit by Lawyer Abdala Bucaram or myself to the United States to talk with U.S. officials on these matters. But I want to stress that there is total opening. I want to stress this a lot because Ambassador Romero is going to hold an important post within the U.S. Administration after

concluding his mission here. Our country is looked upon with good eyes and there are expressions of affection toward our people there.

[Reporter] When will this visit be made?

[Arteaga] We will decide within the next few days.

[Reporter] Will it be before the assumption of power?

[Arteaga] Yes. Before 10 August.

[Reporter] Will the Peruvian president also be invited for the inauguration?

[Arteaga] Well, these are the things we have to decide within the next few days. We must begin discussing the protocol issue. I have personally been talking with Foreign Ministry officials, hoping that this democratic transition will be conducted within the protocol rules, and surely the presence of international leaders must characterize a change in power of this nature.

[Reporter] [Words indistinct] ...about discretionary funds?

[Arteaga] Well, that issue was already discussed during the campaign, and I have reaffirmed that I will not handle discretionary funds. [end recording]

Vice President-elect Rosalia Arteaga has said that it is not yet official that current Foreign Minister Galo Leoro Franco will be Bucaram's foreign minister. She said that this will be either confirmed or not by Bucaram. She also declined for the time being to give names of possible cabinet members.

Ecuador: Bucaram Urges 'Prudence' in Dispute With Peru

PY1007004896 Quito Voz de Los Andes in Spanish
2300 GMT 9 Jul 96

[FBIS Translated Text] The virtual Ecuadoran president-elect wants prudence in the treatment of the territorial conflict with Peru. It is essential to maintain a stance of prudence, tranquility, and non-interference in each other's internal affairs, Abdala Bucaram said. Ecuador so far has handled the territorial conflict very well, he said.

According to official sources, the Ecuadoran Foreign Ministry will hand over to Bucaram a full report on the development of peace negotiations with Peru. Bucaram has said that very soon he will meet with current Foreign Minister Galo Leoro Franco to be informed on the peace process with Peru.

Ecuador: Bucaram To Visit Panama, Meet Foreign Investors

PY1007012596 Quito Voz de Los Andes in Spanish
1700 GMT 9 Jul 96

[FBIS Translated Text] President-elect Abdala Bucaram Ortiz arrived in Quito amid the great expectation of members of the Ecuadoran Roldosist Party [PRE] and the Ecuadoran media. Bucaram is visiting Quito to thank Quito and Pichincha Province residents for their support in the elections.

Abadala Bucaram, who was welcomed by Vice President-elect Rosalia Arteaga, announced that on 12 July he will be traveling to Panama where he will hold a news conference. Moreover, Bucaram reasserted that the Customs Office will not be a political booty and that those industrialists who do not pay their taxes will go to jail.

[Begin recording] [Bucaram, in progress] ...I will be leaving for Panama at 1300 on 12 July. The purpose of my visit is to meet with a group of foreign investors. Ecuador needs foreign investments. Therefore, it is very important to open our capital not only to Americans and Europeans but to investors from other parts of the world as well, such as from Asia and the Arab world.

During my stay in Panama I will meet with about 200 Panamanian politicians at the San Miguelito city hall, seated in an impoverished district. Just as I am grateful for the support of Ecuadoran citizens, I also want to express my gratitude to the Panamanians for their support because they are an essential part of my political career in view of my years in exile in that country.

[Questions by journalists indistinct]

[Bucaram] Yes, of course we will [words indistinct].

[Questions indistinct]

[Unidentified reporter] Sir, do you already have a list of names of who will be your main aides? When will you issue it?

[Bucaram] No, no, today I am meeting with the president to discuss some issues such as the customs mafias. I intend to put an end to all customs mafias. This where the money needed to overcome [words indistinct]. I will plan to lock [words indistinct]. Bucaram will send to jail all those businessmen who do not pay their taxes, who do not declare their income.

Ecuador will have a truly honest and trustworthy presidential team that will end with corruption. This is why I am interested in learning what certain business

chambers have stated about the customs issue because they harbor the mice that are eating the cheese.

I am no fool and this is why I am here to meet the president because I intend to change this country once and for all. There is no other alternative. [Questions indistinct] [end recording]

After his arrival at the Mariscal Sucre Airport in Quito, Bucaram Ortiz said that he will meet with his friend, Omer Lopez. At noon today, Bucaram is scheduled to meet with President Sixto Duran-Ballen, who will congratulate him on his election. This will be the first meeting held to discuss the transfer of power.

Virtual President-elect Abdala Bucaram said that we must be prudent in the handling of the territorial dispute with Peru. He said: We must be careful, calm, and discreet in this regard. Bucaram added: Ecuador has handled the territorial issue quite well.

Quito and Lima are conducting peace negotiations with the support of guarantor countries. The Ecuadoran Foreign Ministry plans to submit to Bucaram a full report on the peace negotiations process with Peru. Bucaram said he will meet current Foreign Minister Galo Leoro Franco to learn about his position.

Ecuador: Vice President-Elect Arteaga on Government Plans

*PY1007004096 Quito Voz de Los Andes in Spanish
1700 GMT 9 Jul 96*

[FBIS Translated Text] Vice President-elect Rosalia Arteaga said that she will meet the members of the new cabinet that will accompany the presidential team for the next four years.

Arteaga also said that she and Abdala Bucaram will be travelling to the United States before 10 August to meet U.S. officials and discuss the peace negotiations process.

Arteaga this morning met U.S. Ambassador Peter Romero who asserted her that the U.S. Government will support Bucaram and Arteaga. He also said that the presidential elections were clean.

[Begin recording] [Arteaga, in progress] ...As you can see there are a lot of rumors. We have yet not decided to confirm any names. This will be done when the entire government team is completed and at that time we will inform the people.

Right now we are engaged in talks with several people. There are many names in our files that are under study and we are studying the many possibilities. However, the entire country can be certain that we will choose the best men and women to join the government.

We will prioritize this [words indistinct] and safeguard foreign and national investments [passage indistinct]

This is why I am not confirming any of the names. This will be done by the president of the republic at the proper time.

[First unidentified reporter] But you held negotiations during the campaign, because by confirming [Foreign Minister] Galo Leoro...

[Arteaga, interrupting] It is one of the possibilities that we are discussing which we will confirm when the full government team has been assembled.

[Second unidentified reporter] Will you uphold your campaign promises, such as allotting 30 percent of the budget to education?

[Arteaga] Yes, of course. This is a decision that has been adopted and which has been reconfirmed by the president-elect during his meeting with the media in Guayaquil on 8 July. We will uphold our decision to allot 30 percent and also our decision to prioritize social policies.

[Questions by several reporters indistinct]

[Arteaga] Some proposals are ready, such as the improvement of the educational reform, [words indistinct], a program for cheaper medicine for the family, a housing program, and many others. [words indistinct]. We want to carry out a coordinated work between the economic team and the team involved in social programs. Because the resources must come from the state budget, from international cooperation, but above all it must come from the good administration of public financing. Therefore, we will be very careful in selecting the people who will work with us during the next four years of this administration. Believe me, when funds are used properly and carefully, they do give the necessary results.

[Reporter] [words indistinct] did Bucaram disclose his government plan or when will he do it?

[Arteaga] Look, we disclosed it through a series of publications during the electoral campaign. There were even pamphlets promoting the plan throughout the country. This is where the government plan is. Now, our task as elected officials of the country is to go through the government plan and find the way to put it to work.

[Reporter] What will be your policy for appointing the members of the new administration, because there is concern. It is already being said that in handing out many high positions the new administration would not be responsible for so much opportunism.

[Arteaga] A government must be responsible; this is the first thing that must be taken into account when an electoral platform is being drawn, and later when there is certainty that an election was won. Therefore, we will become responsible, our responsibility will not be diluted. The man responsible for appointing the cabinet members is the president, and of course he will do it by discussing it with the vice president, the members of his close team of advisors, with his party, with the leaders of the MIRA [Independent Movement For an Authentic Republic]. The government will have a policy, it will be a government of agreement, of consensus, but this does not mean avoiding or diluting any responsibility whatsoever.

[Reporter] Due to the proximity of many commitments, essentially those related to the peace process with Peru, [words indistinct] will a decision be made either to support or to continue with the plans of the current administration?

[Arteaga] This is what Bucaram has in mind [words indistinct]. This morning, he held a useful meeting with the U.S. ambassador at the ambassador's house. It was a friendly conversation regarding the U.S. Government perception of the new administration we will head as of 10 August. [end recording]

Rosalía Arteaga also said that the appointment of current Foreign Minister Galo Leoro in the same position in the new administration is not yet official. She said the appointment will be either confirmed or not by Bucaram himself. She refused to give the names of the possible cabinet members.

Paraguay

Paraguay: Judge Rejects Request for Oviedo's Release

PY0907183596 Asuncion RPC Television Network in Spanish 1600 GMT 9 Jul 96

[FBIS Translated Excerpt] The request for General Lino Cesar Oviedo's release was rejected today. Upholding the prosecutor's opinion, Judge Bogarin has characterized the crime attributed to Gen. Oviedo as rebellion which prevents his release from prison.

Gen. Oviedo's attorneys were indignant and said they will press charges against prosecutor Valiente. Attorney Andres Lopez Godoy said it is a ridiculous decision and added:

[Bela Lopez recording] It is obvious that this is a case of persecution for political reasons and a way of removing the general from the political scene. It is a great pity, a great shame that the prosecutor and the judge should adopt such a shameful attitude by passing

a decision of this nature. [end recording] [passage omitted]

Oviedo's attorneys expressed their great indignation and surprise in view of the adverse decision. Now they will appeal Judge Alcides Corbetta's decision turning Oviedo's preventive custody into preventive imprisonment and impounding his assets.

The appellate court will review this decision preventing Oviedo's release in the coming days.

Paraguay: Senator Yambay Fires Into Air at Rally *PY1007001096 Asuncion NOTICIAS in Spanish* *8 Jul 96 pp 2, 3*

[FBIS Translated Excerpt] Senate President Miguel Abdon Saguier has announced that the Senate executive committee would review this morning the actor of Colorado Party Senator Amado Yambay, who could receive a severe penalty from the Senate. The Senate committee chairmen will be convened today to discuss this issue, bearing in mind the seriousness of this incident and the bad examples that the senators have been giving over the past few days.

During an Oviedoist rally on the evening of 5 July, which was photographed by a NOTICIAS photographer, Senator Yambay shot into the air outside the Itaugua penitentiary. This incident put the lives of many people at risk. During the motorcade, which started at the Unace [National Unity of Ethical Colorados] headquarters, the demonstrators were involved in many arrogant actions. Yambay's firing into the air was just another arrogant action. [passage omitted]

Paraguay: Air Force Head on Strengthening of Military

PY1007004296 Asuncion NOTICIAS in Spanish
7 Jul 96 p 4

[FBIS Translated Text] Referring to the latest developments involving the replacement of some Army leaders, Air Force Commander General Cesar Cramer has emphasized: "The Paraguayan Armed Forces are being gradually strengthened."

The Air Force commander underscored that this represents a normal process, following the April episode.

Cramer emphasized: "A very important step toward enhancing our country's institutional system has been taken."

The Air Force commander, along with Navy Commander Vice Admiral Guillermo Lopez Moreira, was one of the military leaders who "firmly" sided with President Juan Carlos Wasmosy during the military crisis of

22-23 April, prompted by the rebellious retired General Lino Cesar Oviedo.

The Air Force general pointed out that he approves of the changes. With this measure, the Armed Forces are being strengthened as the best men, especially those supporting our institutional system, are remaining within the ranks, he said.

Asked to voice his opinion on the arrest of General Jose Segovia Boltes, Cramer noted that he was aware of this measure, but preferred not to voice an opinion on this issue, as he was not well acquainted with it.

Concerning his visit to an aircraft plant in the United States, the Air Force commander noted that its goal involved transforming "propeller" engines into "turbo" engines, a transformation that could greatly benefit Paraguayan aviation, especially the Military Air Transport (TAM).

Paraguay: Cuban Vice Minister for Investments Visits

PY1007013296 Asuncion ABC COLOR in Spanish 5 Jul 96 p 4

[FBIS Translated Text] Raul Taladrid Suarez, Cuban foreign investments vice minister, has come to our country to participate in a forum sponsored by the "Jose Marti" Paraguayan-Cuban Cultural Association [Asociacion Cultural Paraguayo Cubana "Jose Marti"] at the intersection of Ayolas and El Paraguayo Independiente Streets tonight. The Cuban representative will participate in the forum on Cuba's current situation that will be held at the Manzana de la Rivera Museum.

Cuba is currently enduring an enhancement of the U.S. Government's blockade, following the enactment of the Helms-Burton Law. The Cuban economy is becoming increasingly deteriorated, after the collapse of "real socialism."

The forum's sponsors reported that this issue as well as other issues will be debated at 2000 tonight.

The forum will include photographs, posters, and videos on the Caribbean country.

The invitation issued by the aforementioned group notes that the "Jose Marti" Association "represents a group of Paraguayan citizens from the entire political, social, and professional spectrum, who are concerned about the Latin American reality and especially the reality of the Cuban nation."

Peru

Peru: Colombian Plane Shot Down for Violating Airspace

PY0907185096 Madrid EFE in Spanish 1608 GMT 9 Jul 96

[FBIS Translated Text] Lima, 9 Jul (EFE) — A military spokesman reported today that the Peruvian Air Force (FAP) shot down a Colombian plane which had illegally entered Peruvian airspace. The pilot and crew of the plane then escaped on foot through the jungle.

The spokesman went on to say that the incident took place on 7 July near the Tamaya River, Ucayali Department, located at the heart of the central Amazon forest, some 800 km to the east of Lima.

The plane that violated the Peruvian airspace was a light Cessna aircraft bearing a Colombian license. It was detected by two FAP Tucano planes while the light aircraft was skimming over the ground with the apparent objective of picking up a drug cargo to transport to Colombia.

The FAP pilots contacted the Colombian aircraft by radio and ordered it to land at the nearest airport. The FAP pilots also used conventional air maneuvers to make the Colombian plane comply with their orders, but to no avail. Instead, the alleged drug-runners made their escape. According to the military spokesman, the FAP pilots "were, therefore, forced to shoot at the Colombian plane."

Having been hit by a burst of machine-gun fire from the Peruvian fighter plane, the Colombian aircraft crashed, but a rapid maneuver by the pilot lessened the impact. The pilot and another person then fled through the jungle.

The FAP constantly patrols the Peruvian airspace on the border area with Colombia to prevent drug traffickers' planes from transporting cocaine to the neighboring country. Police sources further reported that personnel from Peru's Special Forces Division are tracking down by air and ground 50 gunmen hired by drug traffickers who attacked a police headquarters on the Amazon border with Colombia on 6 July.

The same sources added that the attack, which resulted in no fatalities or injuries, was reportedly made in retaliation for the recent destruction of an operations center used by the drug trafficking mafia that operated in that region.

Peru: U.S. Drug Czar's Charges of Drug Trafficking Viewed

PY0907165596 Lima LA REPUBLICA in Spanish
2 Jul 96 p 6

[Commentary by Mirko Lauer: "It's Coming From Barranquilla"]

[FBIS Translated Text] If what U.S. Drug Czar Barry McCaffrey contends is true — that Peru and not Colombia is the largest exporter of cocaine, so much so that 80 percent of the cocaine entering the U.S. market is exported from Peru — we should prepare ourselves for some important changes. The most important one would be the surge of drug cartels similar to the ones that have placed Colombia on the brink of chaos.

Although it is true that cocaine confiscations have increased in comparison to those of cocaine paste, Peru has yet to experience the impact of becoming a cocaine manufacturing country. Coca leaf and cocaine paste prices are still low and the classic Colombian symptom — the sudden economic prosperity of individuals — has not yet reached Peru.

Perhaps this is due to the situation in which cocaine processing laboratories are run by foreigners who would much rather keep a low profile than be ostentatious. Another reason could very well be that the new procedure adopted by drug traffickers is to transport the cocaine cargoes directly from the jungle without going through the capital. These two theories are, of course, related.

Is the presence of cocaine on the national scene tantamount to a failure of Peru's drug enforcement program? It is, whenever there still is a large amount of cocaine paste to be refined here or anywhere else. It is not, whenever the transference of cocaine laboratories seem to be an unexpected development, perhaps due to the offensive launched by Colombian law enforcement.

What is yet to be determined is who is responsible for this increase in cocaine exports from Peru. We have been informed that some of these new cocaine laboratories are comfortably located in the Amazon region, near the same old coca farms. What has changed is the refinement process and the transportation methods; instead of being transported by river, it is shipped by air.

Nonetheless, large cocaine shipments have also been spotted on the coast. This is indicative that cocaine paste continues to be transported through the Andes and that there is an emerging urban drug trafficking export market. This is something the Colombian hired gunmen have been able to avoid for almost 20 years.

The political assessment of this situation is that drug trafficking is being internationalized and institutional-

ized in Latin America, and this is causing some very strange reactions. In Bogota, after almost five years of combating drug cartels, there are senators who fear the United States will conduct a blitzkrieg invasion — an Entebbe-like operation — to kidnap a handful of drug kingpins.

While some Washington officials congratulate Peru for its drug enforcement program, others report we have become a new cocaine supply center for U.S. drug addicts. We have yet to hear the Peruvian Government's reaction to McCaffrey's statements, which would indeed be very appropriate because they seem a bit too exaggerated.

Peru: Counternarcotics Law Published

96GE0047A Lima EL PERUANO (LEGAL SUPPLEMENT) in Spanish 24 Apr 96
pp 139138-139142

["Text" of Law on the War Against Narcotrafficking]

[FBIS Translated Text]

Law on the War Against Narcotrafficking

Legislative Decree No. 824

THE PRESIDENT OF THE REPUBLIC

Whereas, the Congress of the Republic, pursuant to the provisions of Article 104 of the Political Constitution, has vested in the Executive Branch the power to legislate on matters related to the war against narcotrafficking, including the agencies and institutions of the government responsible for implementation of same, for a period of 120 days; and

Whereas, one of the government's objectives is to step up the fight against drug use, support the rehabilitation of drug addicts, and replace coca leaf crops, for which purpose it is necessary to establish a commission made up of the highest-ranking officials to channel and coordinate national efforts in this regard; and

Whereas, pursuant to Article 166 of the Political Constitution, the National Police are authorized to prevent, investigate, and combat crime in its many aspects, one of the most serious of which is the illicit trafficking of drugs as a crime with many repercussions that undermines society's cultural, political, and economic foundations; and

Whereas, the Armed Forces have been participating in the war against narcotrafficking in the areas declared to be in a state of emergency where there was no police presence; and therefore, given the current conditions, the government deems it appropriate for military personnel

to resume their full responsibilities within the scope of their specific mission of Defense and National Security; and

Whereas, for the purpose of gradually and comprehensively restoring the normal development of activities in areas plagued by terrorism, it is appropriate for the National Police and other institutions to carry out their constitutional functions to consolidate the strategies set forth with respect to the illicit trafficking of drugs and National Pacification; and

Whereas, in this regard it is necessary to repeal or amend, as the case may be, current legislation on narco-trafficking to bring it into line with the Comprehensive Strategy designed by the government to eradicate illicit drug trafficking; therefore,

With the affirmative vote of the Council of Ministers;

With instructions to give an accounting to the Congress of the Republic;

The following Legislative Decree is issued:

TITLE I

WAR AGAINST DRUG USE

Article 1. The war against drug use throughout the territory is hereby declared to be in the national interest. For this purpose, the COMMISSION ON THE WAR AGAINST DRUG USE, THE "ANTIDRUG" COMMISSION, is hereby constituted as a regulatory body charged with designing, coordinating, and executing comprehensive preventive measures against drug use.

Article 2. The following are the ANTIDRUG COMMISSION'S objectives:

- a) Prevent drug use in Peru. Prevention will be approached from the standpoint of education, information, and promotion of a healthy lifestyle, and a variety of measures will be developed to that end.
- b) Contribute to the establishment and/or strengthening of rehabilitation programs for drug addicts.
- c) Promote the replacement of coca leaf crops, and raise awareness of the dangers of other types of illicit crops.
- d) Promote the development of educational programs and national awareness campaigns regarding the illegality and danger of using, producing, trafficking, and retailing derivatives of coca leaf and other illegal substances.
- e) Promote fundraising in the international, foreign, and domestic communities to obtain financing for national efforts to combat drugs in every aspect.

Article 3. The ANTIDRUG COMMISSION shall have a Board of Directors, chaired by a cabinet minister appointed by the president of the republic and made up of four additional members appointed by Supreme Resolution.

The structure and other functions of such Board of Directors shall be set forth in its bylaws, which shall be approved by Supreme Decree.

Article 4. The National Police shall not only serve the function of interdiction, but shall also cooperate closely with the ANTIDRUG COMMISSION in achieving its objectives, especially with regard to the replacement of coca leaf crops.

TITLE II

FUNCTIONS OF THE NATIONAL POLICE

Article 5. The National Police, through its specialized agencies, is responsible for preventing, investigating, and combating the crime of illicit drug trafficking in its various manifestations. Within this context and for this purpose, it:

- a) Oversees airports and river and lake ports operating in the country's coca-growing regions.
- b) Works in conjunction with the authorities of the Transportation, Communications, Housing, and Construction Ministry to destroy or disable secret landing strips.
- c) Officials in charge of managing and overseeing airports in coca-growing regions shall keep a daily log in which they record:
 - 1) A list of the registration number, description, and reason for travel of each arriving and departing aircraft.
 - 2) Names of the pilot, crew, and passengers, if any.
 - 3) List of cargo transported, including weight, description, contents, and names and addresses of sender and recipient.
 - 4) In the case of valuables (money, jewelry, etc.), such list shall contain an indication of the origin, value, and denomination, the name of the person transporting the valuables, and the intended recipient, if any.Such list shall be considered a record, and shall be signed by the responsible authority, the pilot of the aircraft, and the civilian and law enforcement officials involved, who shall assume joint responsibility for the content and accuracy of the information listed.
- d) Commercial aviation companies operating in the country's coca-growing regions are required to register

with the appropriate law enforcement authorities. Failure to do so within the established time period shall result in loss of operating license and imposition of the monetary penalties provided in the Regulations.

Article 6. The Interior Ministry shall request that other sectors, agencies, and public institutions lend the National Police the support it requires to carry out the provisions of this Legislative Decree, and said entities shall be held accountable for lending such support.

Article 7. One of the functions of the Peruvian Air Force is to intercept national and foreign aircraft flying in the air space over coca-growing regions for the purpose of establishing their identity, the nature of their flight, and their final destination. If the intercepted aircraft should refuse to provide the requested information or to obey the instructions of the Air Force, it shall be subject to the appropriate interdiction measures, including shutdown. If, as a consequence of such intervention, acts constituting the crime of illicit drug trafficking are discovered, the National Police and the Public Ministry shall be informed immediately so that those responsible may be dealt with according to law.

Article 8. The Peruvian Navy, in keeping with its constitutional mission to safeguard the nation's sovereignty and defense within the jurisdiction of the 200-mile territorial sea, in the ports of the nation's coastline, and in the river and lake ports of the country's coca-growing regions, may intercept national or foreign vessels for the purpose of establishing their identity and final destination. If, as a consequence of such intervention, acts constituting the crime of illicit drug trafficking are discovered, the National Police and the Public Ministry shall be informed immediately so that those responsible may be dealt with according to law.

Article 9. For the proper application of measures in the war against all aspects of the illicit trafficking of drugs, the National Police shall undertake a mandatory review of its standards and operating procedures and adjust them to the directives issued by the Interior Ministry in this regard.

Article 10. Articles 1, 2, and 3 of Decree Law No. 25626 are hereby amended as follows:

"Article 1. For the proper implementation of strategies aimed at achieving National Pacification, all agencies involved in the war against the crimes of Treason Against the Fatherland, or Terrorism, as the case may be, shall undertake a mandatory review of their standards and operating procedures and adjust them to the directives issued by the Internal Operations Front Command (COFI) referred to in Article 6 of Legislative Decree No. 440,

amended by Article 26 of Legislative Decree No. 743, the National Defense System Act."

"Article 2. In the areas declared to be under Exceptional Rule, the Political Military Commands are responsible for the proper implementation of strategies in the war against the crimes of Treason Against the Fatherland and Terrorism. Therefore, the other agencies acting in these spheres shall adjust their actions to the directives issued by said Commands within the areas of their jurisdiction, pursuant to the provisions set forth by the Internal Operations Front Command. Failure to do so shall result in criminal action."

"Article 3. The standards and directives issued by the various agencies involved in the war against the crimes of Treason Against the Fatherland or Terrorism, as the case may be, shall be coordinated and harmonized with and adapted to the directives of the Internal Operations Front Command within a period not to exceed ten (10) days, pursuant to Article 1 of this Decree Law."

Article 11. Article 2 of Law No. 26332 is hereby amended as follows:

"Article 2. Plantings of PAPAVER, PAPAVERUM SOMNIFERUM (poppy), and CANNABIS SATIVA (marijuana) shall be destroyed in situ by the National Police by any method it chooses, provided that it is not a threat to environmental conservation, under the control and direct responsibility of the Provincial Public Prosecutor. An appropriate record shall be made of such action.

"Fields, cultivation equipment, personal and real property, and other items of direct use that have been utilized in the commission of the crime shall be confiscated.

"During the police investigation and criminal prosecution, the property referred to in the preceding paragraph shall be placed immediately at the disposition of the Executive Office of Drug Enforcement, which shall assign such property for use or administration in conjunction with the Ministry of Agriculture and any agency acting in its stead, as well as public agencies or public or private institutions involved in scientific research or social promotion activities.

"The property referred to in this article that has been confiscated permanently under a final court judgment shall be transferred to the Executive Office of Drug Enforcement for auction."

Article 12. Articles 1 and 2 of Decree Law No. 25427 are hereby amended as follows:

"Article 1. Officers of the National Police of Peru, of whatever rank, who are assigned to serve in the coca-growing regions of the country shall submit a mandatory

Affidavit of Property and Income at the beginning and end of their assignment, subject to the appropriate penalties in case of any fraudulent omission or alteration of the information contained therein."

"Article 2. The Ethical Standards Office of the National Police of Peru shall periodically evaluate any changes in the property owned by the affiliates and their immediate relatives, as well as any overt signs of wealth; should there be evidence of illicit enrichment, the appropriate law enforcement authority shall forward the relevant information to the Public Ministry so that it may proceed in accordance with its jurisdiction."

Article 13. Legislative Decree No. 744, Article 21, Paragraph b), is hereby amended as follows:

"b) The Institutional Ethical Standards and Discipline Office comes under the jurisdiction of the Inspector General, and its duties are:

- To oversee and assess matters intrinsically related to the morality and discipline of National Police personnel at all levels of the organization and to propose the appropriate corrective measures.
- To receive and conduct a summary investigation of any complaints of corruption lodged against police personnel serving in the coca-growing regions, especially with regard to the illicit trafficking of drugs. Should evidence of criminal wrongdoing be found, the appropriate administrative sanctions shall be imposed and the case shall be brought to the immediate attention of the Public Ministry so that it may proceed against the accused in accordance with its jurisdiction."

To carry out the functions set forth in the preceding paragraphs, Institutional Ethical Standards and Discipline Offices shall be established in the Regions, Fronts, and Directorates of the National Police, forming the National Police Oversight System.

Article 14. The Interior Ministry is hereby instructed to issue a Resolution, signed by the interior minister, containing the complementary measures necessary for proper compliance with the mission assigned to the Institutional Ethical Standards and Discipline Office of the National Police.

Article 15. All airports and river and lake ports in the coca-growing regions throughout the nation are hereby declared to be in a state of emergency.

Article 16. The National Police are hereby instructed to assume responsibility, in conjunction with the Ministry of Transportation, Communications, Housing, and Construction, for security at the airports and ports specified

in Article 15 of this Legislative Decree for purposes of investigating the crime of illicit drug trafficking.

Article 17. No habeas corpus actions on behalf of persons involved in the crime of illicit drug trafficking shall be accepted during the preventive detention phase of a police investigation in which the representative of the Public Ministry has participated and which has been turned over to the competent judicial authority.

Article 18. The Interior and Defense Ministries shall issue complementary regulations so that the National Police can relieve the Armed Forces in the coca-growing regions in an appropriate and timely manner and assume responsibility for the war against the illicit trafficking of drugs, without prejudice to the provisions of Articles 7 and 8 of this Legislative Decree.

TITLE III

EXCEPTIONAL BENEFITS FOR CRIMINAL DEFENDANTS AND INMATES

Article 19. Anyone who has participated in or committed the crime of illicit drug trafficking, as defined and penalized in Penal Code Book Two, Title XII, Chapter III, Section II, as modified and amended, shall be entitled to the exceptional benefits set forth in this Legislative Decree.

a) EXEMPTION FROM PENALTIES

Any agent, whether or not he is the subject of a police investigation or criminal prosecution for illicit drug trafficking, may be exempt from penalty in the following cases:

1. When he provides timely and accurate information that permits the identification and arrest of leaders or heads of organizations involved in the illicit trafficking of drugs on a national or international scale or in illegal arms trafficking or money laundering in association with narcotrafficking.

2. When the information provides leads to the confiscation of drugs, controlled chemical ingredients, money, raw materials, infrastructures, and other elements used to obtain illicit drugs, which conclusively establish the operation of an organization involved in the illicit trafficking of drugs. Such information must also lead to the identification of the leaders or heads, and the disbandment of the criminal organization.

b) REMISSION OF SENTENCE

Any inmate serving a sentence under a final and executed judgment for the crime of illicit drug trafficking, as defined and penalized in Article 296 of the Penal

Code, and for the crimes of money laundering and illegal arms trafficking, shall be entitled to a remission of the remainder of the sentence when the conditions set forth in Paragraphs 1 and 2 of the preceding Section a) are met.

c) PARDON

First-time offenders convicted of the crime of illicit drug trafficking, as provided in articles 298, 300, 301, and 302 of the Penal Code, who have served one-third of their prison term shall be entitled to a pardon a single time.

For the purposes of the provisions of Paragraphs a) and b) of this article, a "leader," "head," or "ringleader" of a "firm," "cartel," or "organization" involved in illicit drug trafficking on a national or international scale, money laundering, illegal arms trafficking, or the illegal sale of controlled chemical ingredients is a person who has been registered or identified as such by the National Police, the Public Ministry, and intelligence agencies specializing in the field.

Article 20. The information mentioned in Paragraphs a) and b) of the preceding article shall be provided voluntarily to law enforcement authorities in secret and in the mandatory presence of a representative of the Public Ministry or before the magistrate presiding over the judicial proceeding. In the case of Paragraph b), the information shall be provided to the criminal court that passed sentence. In all cases, the following security measures shall be adopted:

- The identity of the petitioner shall be kept secret.
- A code name shall be assigned to the petitioner to use during the remainder of the proceeding established in this Legislative Decree.
- During the pendency of the procedures for exemption and remission of the penalty, for the purpose of ensuring the physical integrity and the life of the petitioner, he shall be housed in a special detention center to be determined by the Justice Ministry in consultation with the Interior Ministry.
- A fictitious identity shall be provided.

Article 21. The benefits set forth in Article 19 of this Legislative Decree are not applicable to the leaders, heads, or ringleaders of the bands or organizations called "firms" or "cartels" involved in illicit drug trafficking. Nor shall persons who have availed themselves of the privileges set forth in Law No. 26320 enjoy these benefits. Furthermore, public officials or civil servants responsible for the prevention, investigation, prosecution, and execution of penalties for such crimes shall not be entitled to these benefits.

Article 22. The accuracy, timeliness, and usefulness of the information provided by the persons mentioned in Article 19 of this Legislative Decree shall be verified in the presence of a representative of the Public Ministry.

Article 23. Only after the accuracy of the information provided by the agent is established shall the benefit of exemption, remission, or pardon, as the case may be, be extended on the initiative of the Public Ministry or at the request of the party, following the procedure set forth below:

a) In the case of Article 19, Paragraph a) of this Legislative Decree, the Provincial Criminal Prosecutor shall file criminal charges to prompt the provision of the information, requesting incidentally that the agent, whether or not he is implicated in the criminal action, be considered a witness, and assigning him a code name to safeguard the true identity of the petitioner. The criminal court judge shall issue a ruling to the corresponding criminal court, which, upon receipt of the prosecutor's report, shall issue a final ruling within two weeks.

Once his legal status as a witness has been approved, the appropriate authorities shall be notified so that they may proceed to drop criminal charges pending against the petitioner for illicit drug trafficking.

b) In the case of Article 19, Paragraph b) of this Legislative Decree, the criminal court that receives the information from the petitioner shall convey the ruling to the corresponding Provincial Criminal Prosecutor, and the procedures established in the preceding paragraph shall be carried out.

c) In the case of Article 19, Paragraph c) of this Legislative Decree, the prison authority shall certify that the inmate has served one-third of the term and has demonstrated good conduct as a first-time offender.

Article 24. Any person or persons who avail themselves of the benefits set forth in this Legislative Decree prior to being released or paroled shall sign an affidavit under oath with a code name, pledging not to commit any new offenses involving illicit drug trafficking. Any new offense shall preclude subsequent recourse to such benefits and shall result in the loss of already acquired benefits.

Article 25. The maximum term for action on applications for exemption or remission of penalties for illicit drug trafficking shall be three months following the date upon which the application is received. Failure to comply with such term shall subject the relevant authorities to penalties. Such term may be extended for one additional period only.

Article 26. When an application by an agent is rejected for lack of evidence, the affidavits and pledges presented shall be rendered null and void and shall not be used against the agent.

Article 27. Officials who issue final rulings on the benefits requested by defendants accused of illicit drug trafficking shall be held accountable for remitting to the National Directorate of Drug Enforcement of the National Police (DINANDRO) and the appropriate Office of the Public Prosecutor the information, designated "secret," that is necessary for the appropriate measures to be taken.

TITLE IV

SPECIAL POLICE INVESTIGATION PROCEDURES

Article 28. For the purpose of making possible the gathering of sufficient evidence to file criminal charges, the representative of the Public Ministry may, among other things, authorize the specialized agencies involved in the war against illicit drug trafficking to carry out procedures called "controlled shipments" and "undercover agent," supervising their development and ordering their conclusion when the proposed objectives have been met.

If the aforementioned procedures should become necessary during judicial proceedings, the appropriate authorization shall be given by the corresponding judicial authority. Carrying out such procedures on an international level shall be done in accordance with the agreements signed by Peru.

Article 29. For the purposes of this Legislative Decree, the following terms are defined:

a) "CONTROLLED SHIPMENT": A special procedure, duly planned by law enforcement officials and authorized, with the appropriate provisos, by the Public Ministry, whereby a confirmed or presumed shipment of drugs is placed under custody and control in a clandestine manner for a certain period of time for the purpose of discovering circumstances, destination, direct and indirect involvement, and connections with criminal conspiracies.

b) "UNDERCOVER AGENT": A special procedure planned by law enforcement officials and authorized, with the appropriate provisos, by the Public Ministry or the agency with jurisdiction, whereby a specialized agent conceals his identity and infiltrates an organization involved in illicit drug trafficking for the purpose of identifying its structure, leaders and members, resources, modus operandi, and connections with criminal conspiracies.

Article 30. The judge or criminal court with jurisdiction over the matter shall disallow any appearance by National Police personnel to testify as witnesses in cases in which they have participated in surveillance, investigation, or formulation of charging documents for illicit drug trafficking, as well as that by personnel who have participated in the procedures set forth in Article 28 of this Legislative Decree in the case of actions taken by the Public Ministry; the evidentiary value of such actions shall be protected.

TITLE V

FINAL AND COMPLEMENTARY PROVISIONS

Article 31. Decree Law No. 25426 and Law No. 26247 are hereby repealed, and any provision contrary to this Legislative Decree is further repealed or amended, as the case may be.

Article 32. The Ministry of Economy and Finance is hereby authorized to make the budgetary transfers necessary to establish the ANTIDRUG COMMISSION.

Article 33. During the fiscal year of its establishment and implementation, the ANTIDRUG COMMISSION is exempt from the restrictions on budgetary execution set forth in the Annual Budget Act of the public sector, as well as complementary and special laws, so that it may meet its personnel and goods and services needs and so that a building may be allocated for its institutional headquarters.

Article 34. This Legislative Decree shall take effect on the day following its publication in the Official Gazette EL PERUANO.

THEREFORE:

I hereby order that it be published and carried out, with an accounting to the Congress of the Republic.

Done in the Government Palace in Lima this twenty-third day of the month of April, nineteen ninety-six.

ALBERTO FUJIMORI FUJIMORI Constitutional President of the Republic

ALBERTO PANDOLFI ARBULU Chairman of the Council of Ministers

CARLOS HERMOZA MOYA Minister of Justice

EXPLANATION OF REASONS

The harmful effects of drug trafficking and the resultant corruption, in its various manifestations, mean that the State must step up the war against the production and use of drugs throughout the territory.

Consequently, the Commission on the War Against Drug Use, the ANTIDRUG COMMISSION, is established for the purpose of: preventing drug use, contributing to the creation and/or strengthening of programs for the rehabilitation of drug addicts, promoting the replacement of coca leaf crops, promoting the development of educational and national awareness programs to alert people to the harmful effects of drug use, and promoting fundraising for this purpose in the national and international foreign community.

The ANTIDRUG COMMISSION will be directed by a cabinet minister appointed by the president of the republic.

The National Police will resume responsibility for the fight against illicit drug trafficking, replacing the Armed Forces.

In this manner, the actions of the Armed Forces conform to the provisions of Article 165 of the Political Constitution of Peru.

The National Police will not only be in charge of interdiction efforts, but will also assign specialized experts to work with the ANTIDRUG COMMISSION to attain its objectives, especially with regard to coca leaf crop substitution.

Furthermore, it is appropriate for the armed Forces of Peru to continue guarding our air space on a national level by intercepting suspicious national and foreign aircraft flying over our air space in the coca-growing regions.

Pursuant to the provisions of Article 2, Paragraph 24, Subparagraph f) of the Political Constitution of Peru, law-enforcement officials may order the preventive detention of suspects on charges of illicit drug trafficking for up to 15 days; in practice, however, there are cases in which, despite their involvement in the Public Ministry, defense attorneys for the suspects take advantage of certain technicalities and file writs of habeas corpus to protect the rights of their clients, which results in:

- The distraction of many magistrates from their normal duties because they must give priority attention to these cases; and
- The hindrance of police investigations. Normally these writs of habeas corpus are dismissed, but this delay tactic is always carried out with impunity.

It is felt that the Public Ministry is not only the defender of the rule of law, civil rights, and the public interest, but is also a prosecutor of crimes. For this reason, when a government attorney participates in a police investigation for illicit drug trafficking, his presence lends the appearance of legitimacy and evidentiary value

to the statements of those implicated, and therefore this type of action should not be allowed for the sole purpose of hindering police work and judicial proceedings.

With a view to exercising real and effective control over the property owned by the personnel of the National Police who are assigned to the coca-growing regions of the country, and to safeguarding the personal and institutional image of the National Police, it is appropriate to require said personnel to file a mandatory affidavit of property and income at the beginning and end of their assignments.

The cultivation of the drug "cannabis sativa," commonly known as "MARIJUANA," is increasing as a consequence of the government's interdiction efforts against the illicit trafficking of drugs in coca-growing regions. As a result, the National Police are confiscating quantities of this drug.

Given the large amounts of the drug known as "cannabis sativa" and other drugs that are being planted in nearly inaccessible areas, plus the difficulty involved in moving it and impounding it in warehouses, and the precipitous drop in its weight, the significant discrepancies in the records of confiscation, impoundment, and incineration are causing administrative problems and even criminal charges.

One of the most effective ways to combat this drug is the destruction in situ of crops by law enforcement authorities, with the mandatory presence of a representative of the Public Ministry. This avoids the unnecessary expense of moving and storing the substance.

Within the organic structure of the National Police, the Office of Institutional Ethical Standards and Discipline has been established as an oversight office that is to undertake the investigation of any charge filed against police personnel serving in the coca-growing regions of the country and involving illicit drug trafficking. The office is then to propose the corrective measures it deems appropriate, which entails amending Legislative Decree No. 744, Article 21, Paragraph b).

Because the specialized agencies of the National Police have been assigned the task of preventing, investigating, and combating illicit drug trafficking in all of its forms, it should be noted that the National Police are also responsible for oversight and security at airports and river and lake ports located in the coca-growing regions of the country.

The central objectives of the police strategy should be oriented toward intelligence operations against the "kingpins," "leaders," and "cartels," and the actions of the DINANDRO should be oriented toward preventing

inputs from being brought into the coca-growing regions. Consequently, anyone cooperating in the investigation of these crimes should enjoy the benefits of leniency in prosecution and imprisonment. Among the precedents based on doctrine, law, and tradition that justify the incorporation of legal concepts such as exemption, remission, and pardon in illicit drug trafficking are the following:

- a) Because they are a strategy for involving the members of drug trafficking organizations and using them, and for obtaining the decisive participation of the citizenry.
- b) Because these legal concepts have been and continue to be known and applied in much legislation, the trend being toward uniform approaches to illicit drug trafficking offenses.
- c) Because the essential goal of penalties is to prevent and protect, as well as to rehabilitate the offender, and the aforementioned legal concepts serve to reduce criminal action.
- d) Because illicit drug trafficking is a multifaceted phenomenon with various root causes and a wide variety of complex manifestations, and it is therefore imperative that the State develop a legal and real tool within a political and socioeconomic framework, in accordance with the principles of the rule of law.
- e) Because this standard will allow for the efficient and legitimate gathering of information to make it possible to destroy the structure of organizations involved in illicit drug trafficking, and at the same time to neutralize and impede collusion with terrorism, for which drug trafficking provides financial support.
- f) In addition, it will contribute to the weakening of mutual trust among drug traffickers in the various stages of the criminal process, and to the disruption of organizational unity.

This situation will ensure speedy justice, preventing tedious delay tactics, red tape, and technicalities; it will allow for a more thorough investigation of crimes and impose a severe penalty, with obvious savings in material and human resources.

The intelligence procedures known as "controlled shipment" and "undercover agent" have been regulated and applied with great success in a number of countries. In Peru, these procedures have been used in very isolated cases, making it possible to observe that the authorities with jurisdiction over such matters do not always apply the same criteria or take the same measures because they do not have an adequate legal foundation. Thus, the specialized police have been unable to increase or strengthen the use of these procedures,

because employing them could subject their agents to criminal prosecution, with the resultant adverse consequences.

The "controlled shipment" is carried out primarily with the direct participation of representatives of the Public Ministry and the specialized police in countries that have compatible legal frameworks. The shipment of drugs from one country to another is kept under clandestine surveillance for the purpose of detecting organizations, financiers, transporters, corrupt officials, and crimes associated with illicit drug trafficking (arms smuggling, terrorism, counterfeiting, etc.). Arrests are coordinated and occur when the drug reaches the country of destination or when circumstances so warrant.

The "undercover agent" procedure is usually carried out by a police officer who has been selected and trained to hide his identity and infiltrate an organization to discover its structure, relationships, and modus operandi. This agent pursues his activities for a long or short period of time and in some cases participates with the members of the organization in specific activities so as to establish a "presence" in the organization. His work culminates with intervention in the organization.

On the other hand, it is common in illicit drug trafficking cases, as it used to be in cases of terrorism, for the defendants and their attorneys to call in as witnesses National Police officers who were involved in their capture and interrogation, for the sole purpose of delaying the proceedings, and often to intimidate the members of the National Police and their families. This situation is exacerbated when such personnel appear in court without proper counsel under the "controlled shipment" or "undercover agent" procedures. This legislative decree makes it illegal for them to appear as witnesses if the Public Ministry has participated in the investigation.

All of these considerations make it necessary to take the appropriate measures to enhance the fight against drug use and illicit drug trafficking.

Uruguay

Uruguay: Fire Bomb Planted at Ex-Minister's Office Door

PY1007000296 Madrid EFE in Spanish
1515 GMT 9 Jul 96

[FBIS Translated Text] Montevideo, 9 Jul (EFE) — Police sources reported today that a homemade fire bomb was planted at the office door of former Uruguayan Interior Minister Angel Maria Gianola, but it did not explode.

Gianola, who was interior minister when in August 1994 Uruguay handed over to Spain three presumed

members of the ETA terrorist group amidst violent street demonstrations, personally confirmed the incident and attributed it to "an irresponsible individual or an idiot."

Speaking to Radio Carve, the former minister termed this frustrated attack "a campaign against a group," referring to corruption charges brought against former high-ranking officials of President Luis Alberto Lacalle's administration (1990-95), of the National or Blanco Party.

The bomb was planted on Monday, at the door of an office Gianola, a lawyer, has at a building on the main avenue in Montevideo.

Another employee from the office next door saw that smoke was coming out of the package, and poured water on the device, which prevented it from exploding.

Uruguay: Army Admits 'Grave Social Problem' of Personnel

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[FBIS Translated Text] Montevideo, 7 Jul (AFP-NA) — The Uruguayan Army has admitted the existence of a grave social problem among its personnel. Today it was revealed that 10,000 soldier's relatives live in marginal neighborhoods and eat what they receive at the barracks.

LA MANANA revealed that the highest ranking Army officers on 27 June had a meeting with the president and vice president, the defense minister and vice minister, and the heads of the defense committees of both houses of Congress to explain the situation.

The commanders and high ranking officers thought it essential to make clear to their guests the hard conditions affecting the Army. They also made proposals to reconcile their professional demands with the limited resources of the state.

One of the most sensitive issues is food, taking into consideration the peoples' social and economic situation, "which usually forces them to eat at the barracks, even after the afternoon leave. This becomes more evident closer to payday," the officers explained.

Difficulties with clothing are also great, so much so that only shoes can be recycled, and new boots are not provided as of 1992. Uniforms, meanwhile, are used five times longer than planned.

Uruguay has a professional army of nearly 18,000 men. Out of this total more than 3,000 are bachelors and live in the barracks, which makes the situation of the 10,000 individuals living in poor settlements even more critical.

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